



A member of **UEM Group**
Empowered by Science, Inspired by Humans



BREAKING BOUNDARIES

D E L I V E R I N G R E S U L T S T O G E T H E R

ANNUAL REPORT 2018



Everyday, millions of Malaysians travel by road, by rail and by air.

At UEM Edgenta, we rise to our calling of making sure every infrastructure under our watch is well maintained, so Malaysians can journey safely to reunite with their loved ones whenever, wherever.



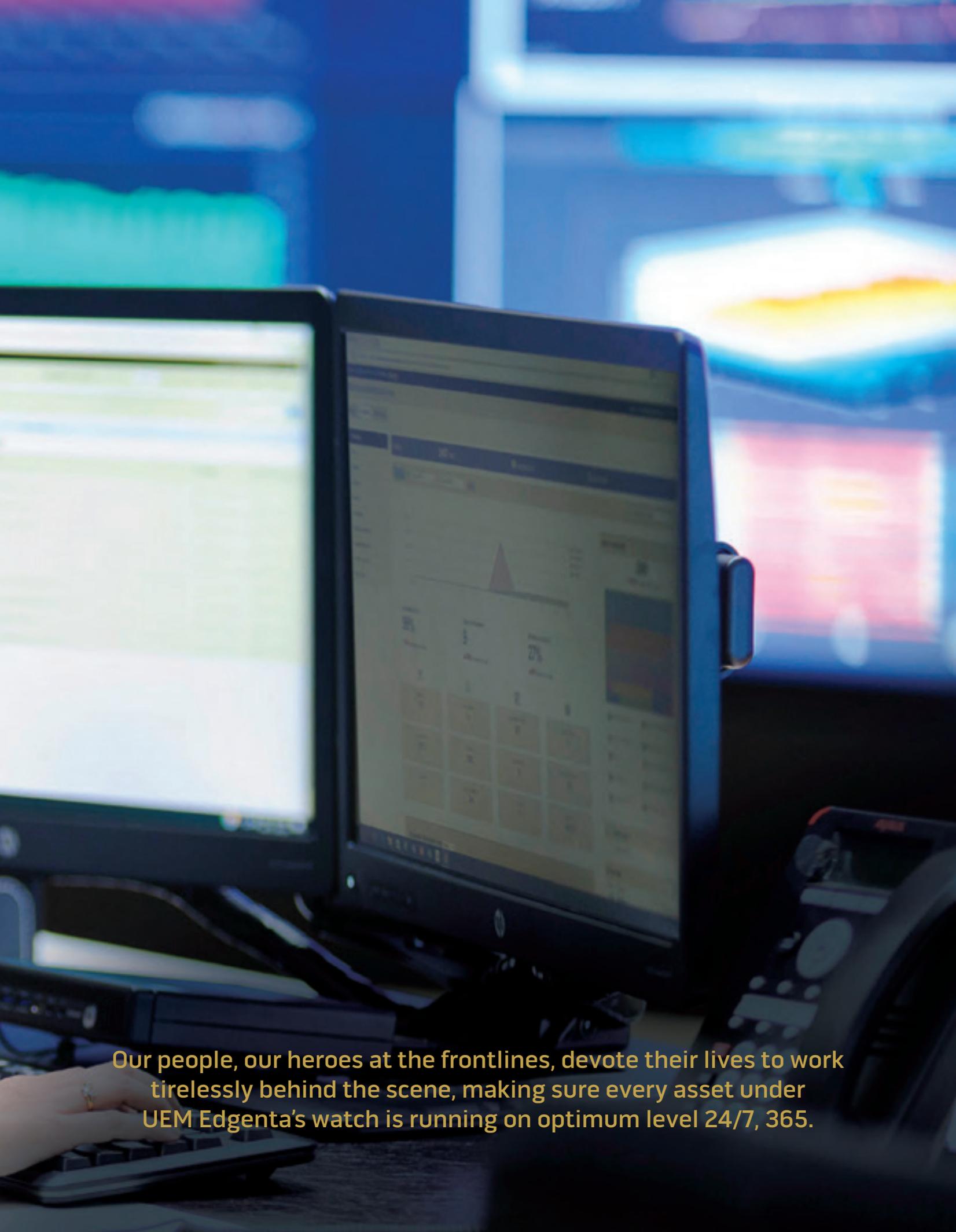




At UEM Edgenta, we pride ourselves as being the caretaker to the caretaker, as we play a vital role in taking care of the physical well-being of hospitals, so hospitals can take care of the well-being of their patients.







Our people, our heroes at the frontlines, devote their lives to work tirelessly behind the scene, making sure every asset under UEM Edgenta's watch is running on optimum level 24/7, 365.



Workplace safety is utmost important to UEM Edgenta. We have a robust HSSE policy in place to ensure operations are being carried out in a safe and proper manner. Nothing beats having our dedicated people return to their homes safely everyday.







From humble beginnings to where we are at today, we take pride in being a home-grown organisation with a regional footprint, contributing to the growth of our nation and abroad through the years.

BREAKING BOUNDARIES DELIVERING RESULTS TOGETHER



Half a decade ago, we embarked on a journey of continuous improvement to achieve operational excellence. We have broken boundaries and introduced new technologies, processes and solutions, thus redefining the standards and impacting the industries we serve. Our people believe in teamwork and in delivering results together.

Our openness to embrace innovative technologies is showcased on the cover with a robotic hand and a human hand coming in contact. We leverage on our expertise and seize every opportunity to grow and sustain as a leader in Asset Management and Infrastructure Solutions provider in the region.

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A member of UEM Group

56TH ANNUAL GENERAL MEETING

Banquet Hall
Menara Korporat, Persada PLUS
Persimpangan Bertingkat Subang,
KM15, Lebuhraya Baru Lembah Klang
47301 Petaling Jaya
Selangor Darul Ehsan

Wednesday, 15 May 2019
10.00 a.m.

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ABOUT OUR REPORT



UEM Edgenta Berhad ("UEM Edgenta") is committed to the principles of Integrated Reporting. This is our second Integrated Report and is intended to address the information requirements of long term investors. The report provides our stakeholders with a comprehensive assessment of the Group's performance for 2018 and outlook for 2019. It details our financial and non-financial performance, strategies, actions and outcomes in a manner that is meaningful to our stakeholders. In this year's annual report, we have made every effort to adopt and apply global best practice which underpins our commitment to sustainable and long-term value creation to ensure that this report presents a balanced and accessible assessment of our performance, governance and prospects.

The report is supplemented with additional online disclosures for our stakeholders. These include consolidated and separate financial statements. Unless otherwise indicated, the content for this report reflects data and activities from 1 January to 31 December 2018 for the operations of UEM Edgenta and its subsidiaries.

CONTENTS ▶

CORPORATE SECTION



- An overview of the UEM Edgenta Group, its business strategies and sustainability performance in relation to issues material to the Group and its stakeholders.
- Provides a comprehensive assessment of the Group's performance for 2018 and outlook for 2019.

REGULATIONS COMPLIED ▶

- Companies Act 2016.
- Bursa Malaysia Main Market Listing Requirements.
- Malaysian Code on Corporate Governance 2017.
- Adopts Bursa Malaysia's Sustainability Reporting Guide & Toolkits.
- Guided by the International Integrated Reporting Council's framework for integrated reporting.

FINANCIAL SECTION



- Presents the full set of the Group's and Company's audited financial statements.
- Bursa Malaysia Securities Berhad Listing Requirements.
- Malaysia Financial Reporting Standards ("MFRS").
- International Financial Reporting Standards ("IFRS").
- Requirements of the Companies Act 2016 in Malaysia.

ONLINE VERSION ▶

www.uemedgenta.com

You can find this report and additional information about UEM Edgenta on our corporate website.

FEEDBACK

We welcome any feedback from our valued stakeholders on this report or any issues covered. Should you have any comment or query regarding this report, please contact:

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Level 16, Menara UEM
Tower 1, Avenue 7
The Horizon, Bangsar South City
No.8 Jalan Kerinchi
59200 Kuala Lumpur
Tel : 03-2725 6688
Fax : 03-2711 8057
E-mail : communications@uemedgenta.uemnet.com



A member of **UEM Group**

VISION

OPTIMISING ASSETS TO IMPROVE LIVES



MISSION

OUR SERVICES, COMMITMENT TO SMARTER THINKING AND IMPROVED SOLUTIONS PLACE US AT THE FOREFRONT OF THE INDUSTRY



WE CREATE OPPORTUNITIES FOR CLIENTS AND ASSETS THAT POSITIVELY INFLUENCE SOCIETY

VALUES

WE ARE AN **ENTERPRISING** ENTITY THAT EMBRACES **TEAMWORK**, **INTEGRITY** AND **PASSION** WITH A FOCUS ON **SUCCESS**



ENTERPRISING

We are creative, resourceful and take calculated risk on all initiatives. We take full ownership and accountability.



TEAMWORK

We trust, respect, complement and support each other. We demand from each other to be better.



INTEGRITY

We ensure high safety standards and practices. We practice the highest ethical standards in everything we do.



PASSION

We love what we do and we put our heart and soul into it. We go beyond the call of duty to deliver our best.



SUCCESS

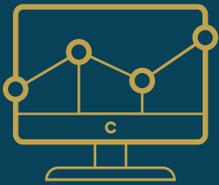
We continuously learn and celebrate our achievements. We win, together.

OVERVIEW OF UEM EDGENTA

UEM Edgenta is one of the region's largest Asset Management & Infrastructure Solutions entities listed on the Main Market of Bursa Malaysia Securities Berhad with the belief of Optimising Assets to Improve Lives. We partner with our clients to create and deliver cutting-edge solutions and services to help optimise the performance of their assets, their workplaces and their communities.

Our expertise covers Healthcare Support and Property & Facility Solutions within our Asset Management offerings, and Infrastructure Services, along with Asset Consultancy within Infrastructure Solutions.

We offer our clients a full suite of services throughout their asset life cycle. These include consultancy, procurement and construction planning, operations and maintenance, as well as optimisation, rehabilitation and upgrades. UEM Edgenta has operational presence in Malaysia, Singapore, Indonesia, Taiwan, India and the Middle East.



MARKET CAPITALISATION OF
**RM2.4
BILLION**
AS AT 28 FEBRUARY 2019

LISTED ON THE
MAIN MARKET OF

**BURSA
MALAYSIA
SECURITIES BERHAD**

SINCE 2 JANUARY 1964



OVER
18,000
EMPLOYEES SERVING
OUR CUSTOMERS



FY2018
SHAREHOLDERS' FUNDS OF
**RM1.5
BILLION**



PRESENCE IN
6 COUNTRIES



COMBINED
EXPERIENCE
OF MORE
THAN
**80
YEARS**
IN ASSET MANAGEMENT &
INFRASTRUCTURE
SOLUTIONS

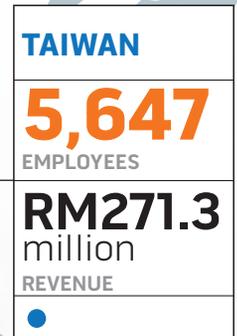


ONE OF THE REGION'S LARGEST
ASSET MANAGEMENT & INFRASTRUCTURE SOLUTIONS
ENTITIES WITH FY2018 GROUP ASSETS OF

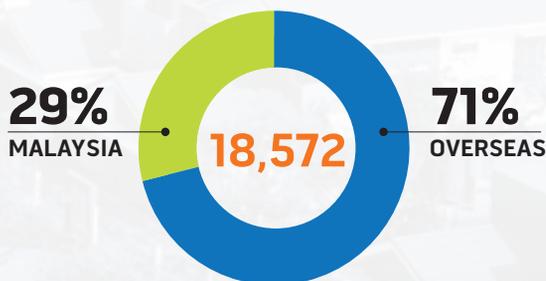
**RM2.9
BILLION**

OUR PRESENCE

WE OPERATE IN 6 COUNTRIES SPANNING ACROSS ASIA AND THE MIDDLE EAST



TOTAL NUMBER OF EMPLOYEES as at 31 December 2018



* Faber Sindoori Management Services Private Limited ("FSMSPL") is accounted as an associate of UEM Edgenta Berhad

Legends

- Healthcare Support
- Property & Facility Solutions
- Infrastructure Services
- Asset Consultancy

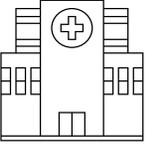
KEY OFFERINGS AND CORE SECTORS

Our expertise covers Healthcare Support and Property & Facility Solutions within our **Asset Management** offerings, and Infrastructure Services along with Asset Consultancy within **Infrastructure Solutions**.

ASSET MANAGEMENT		INFRASTRUCTURE SOLUTIONS	
Healthcare Support	Property & Facility Solutions	Infrastructure Services	Asset Consultancy
<ul style="list-style-type: none"> • Biomedical Engineering Maintenance Services • Healthcare Waste Management Services • Linen & Laundry Services • Cleansing Services • Facilities Engineering Maintenance Services • Housekeeping Services • Porterage Services • Grounds & Landscape • Pest Control • Energy Efficiency Programmes • Facility Management Services 	<ul style="list-style-type: none"> • Integrated Facilities Management • Civil, Mechanical & Electrical System Maintenance • Integrated Building Management System • IoT Technology Development & Deployment • Building Condition Assessment & Survey • Development Advisory & Asset Management Strategy • Green Building & Energy Efficiency Delivery • Business & Hospitality Services • Renovation & Retrofit Services • Green Building Certification & Retrofit • Estate, Strata & Community Management • Cleaning 	<ul style="list-style-type: none"> • Pavement Rehabilitation • Traffic & Safety Management • Civil assessment & maintenance • Utilities Relocation Services • Environmental Testing & Monitoring • Bridge Structural Maintenance, Assessment & Repair • Material Testing Services • Pavement Condition Assessment • Soil Investigation & Field Testing • Slope Stabilisation, Repair & Rehabilitation 	<ul style="list-style-type: none"> • Asset Consultancy & Management (Asset Life Cycle) • Project Advisory, Planning & Management • Engineering Design & Consultancy • Research & Development



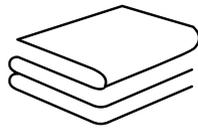
HEALTHCARE SUPPORT



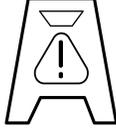
Serving over **300** hospitals across Malaysia, Singapore, Taiwan and India



Completing **98%** planned preventive maintenance on schedule
Maintaining a **90%** uptime since 2002



Processing **18,000 tonnes** of soiled linen annually



Maintaining over **3.6 million sqm** of cleanable area daily



Incinerating **4,371** metric tonnes of clinical waste annually

Caring for more than **RM1.8 billion** worth of **FEMS*** assets
Preserving the lives of over **50,000 BEMS**** assets



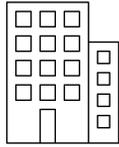
Optimised manpower utilisation by over **20%** through our **Portering** service

*Facilities Engineering Maintenance Services (FEMS)

**Biomedical Engineering Maintenance Services (BEMS)



PROPERTY & FACILITY SOLUTIONS



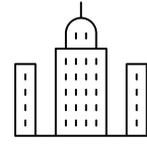
More than
21 years
of experience in
Building & Facility Management



10
Green Buildings
**GBI Certified/
Energy Efficiency
Solutions**



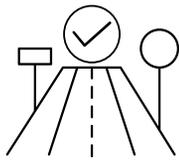
Managing more than
52
buildings in Malaysia



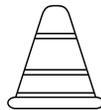
Experienced in
managing secured facilities,
i.e. **Johor State New
Administrative Centre
(JSNAC) and the Prime
Minister's Office**



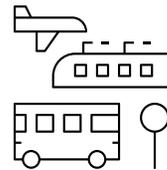
INFRASTRUCTURE SERVICES



More than
25 years
of experience in
highway maintenance



Track record is
evident in the
network
management and
maintenance of over
2,500 km
of expressways
in Malaysia and
Indonesia

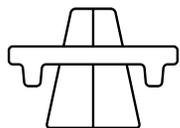


Involved in
**Expressways, State
Roads, Airports,
Plantations, Ports & Rail**

Providing
Integrated Infrastructure
Services of
**Pavement
Rehabilitation,
Network
Maintenance,
Traffic & Safety
Management and
Utilities Relocation
Services**

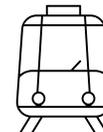


ASSET CONSULTANCY



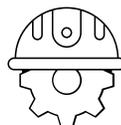
Value of projects delivered exceeding

RM100 billion
over
30 years



Experience in highways and roads, airports, urban transit
and built environment and other key infrastructure projects

Managing **1,171 km**
of toll expressways in Malaysia



Provides

- **Project Management & Value Engineering**
- **Asset Management Consultancy**
- **Engineering & Technical Consultancy**

KEY HIGHLIGHTS 2018

BUSINESS / NON-FINANCIAL

Asset Management

Healthcare Support



Awarded for **Excellent Hospital Support Services**

Achieved **National Environment Agency of Singapore's Enhanced Clean Mark Accreditation Scheme (Gold) Award**, for the 4th year running

Property & Facility Solutions

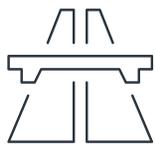


Won **awards in Energy Efficiency** for innovative retrofitting works for the Prime Minister's Office into a high-performance green building

Secured contracts with PROTON and Hospital Universiti Sains Malaysia (HUSM) to manage and implement **energy efficiency initiatives**

Infrastructure Solutions

Infrastructure Services



First **Performance-Based Contracting ("PBC") Agreement** for pavement works with PLUS

Asset Consultancy



Provider of **Project Management and Technical Consultancy** for projects in **East Malaysia**

Key Awards & Recognitions



IEM Award for Contribution to the Engineering Industry in Malaysia – Facilities Management for the year 2018

by The Institution of Engineers, Malaysia (IEM) Council

Facilities Management Company of the Year Award 2018

by Frost & Sullivan Malaysia

The BrandLaureate Brand Influencer Award in Integrated Asset Solutions 2017-2018

by The BrandLaureate

ASEAN Energy Award 2018

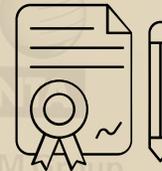
1st Runner-up Energy Efficiency & Conservation Retrofitted Building for Prime Minister Office, Putrajaya
by ASEAN Centre for Energy

National Energy Awards 2018

Best Energy Efficiency Retrofitted Building Lowest Building Energy Index

at the National Energy Award 2018 by the Ministry of Energy, Science, Technology, Environment and Climate Change, Malaysia

Key Contracts Secured in 2018



Clinic support services contract for **9 state clinics in Pulau Pinang**

Environmental services contract for **Khoo Teck Puat Hospital** (760 beds) and portering services contract for **Tan Tock Seng Hospital** (1,500 beds) and **Sengkang General Community Hospital** (1,400 beds) in Singapore

Environmental and portering contracts for **Tri-Service General Hospital** (1,800 beds), **National Taiwan University Cancer Centre** (500 beds) and **Far East Memorial Hospital** (1,297 beds) in Taiwan

Integrated Facilities Management contracts for additional **CIMB** buildings and Bank Negara Malaysia (**BNM**) ; Energy Performance Contracts for **PROTON** and **HUSM**

Won **PLUS competitive tenders** for upgrading of Sewerage Treatment Plant ("STP") and ancillary facilities along the North-South Expressway

Secured **Design & Build** contracts for Pavement Structural Overlay from PLUS

Lead consultant to Borneo Highway PDP Sdn Bhd for pavement design optimisation for the **Pan Borneo Highway Sabah project**

FINANCIAL

RM2,182.6million**Revenue**

From Continuing Operations

▲ **3.3%** year-on-year**RM152.4**million**Profit After Tax**

From Continuing Operations

▲ **21.8%** year-on-year**RM148.4**million**Profit After Tax and Non-Controlling Interests ("PATANCI")**

From Continuing Operations

▲ **19.1%** year-on-year**17.8**sen**Earnings Per Share**

From Continuing Operations

▲ **18.7%****RM116.4**million**Dividend To Shareholders**

Total dividend declared of 14 sen per share representing a yield of 5.1% based on share price as at 31 December 2018

RM266.5million**Earnings Before Interests, Tax, Depreciation and Amortisation ("EBITDA")**

From Continuing Operations

▲ **9.4%** year-on-year**RM198.5**million**Profit Before Tax**

From Continuing Operations

▲ **14.8%** year-on-year**RM2,877.7**

million

Total Assets**RM1,502.3**

million

Shareholders' Funds**RM1.81****Net Assets Per Share**

GROUP STRATEGY - OUR BUSINESS MODEL

What We Do



Asset Management

Healthcare Support
Property & Facility Solutions



Infrastructure Solutions

Infrastructure Services
Asset Consultancy

Our Resources



Financial Capital

(refer page 76 – 77 for further information)



Human Capital

(refer page 56 – 57 for further information)



Technology & Innovation

(refer page 31 – 33 for further information)



Brand and Reputation

(refer page 62 – 63 for further information)

Our Six Focus Areas

Operational Excellence



Develop and ensure we have best-in-class processes, systems and relentlessly find ways to improve procurement efficiency and operational productivity in order to lower cost without compromising service quality and delivery.

Organisational Excellence



Drive performance culture and put utmost priority on our people competency and human capability training, where all employees will be hired based on their potential to be leaders in the organisation and be provided ample opportunity to undergo continuous training and development on technical & leadership skills to improve efficiency and effectiveness.

Client Solutions



Constantly having a client-first mindset when originating, scoping and delivering our offerings customised towards different clients' needs while creating sustainable value generation.

Where We Operate

Malaysia
Singapore
Indonesia



Taiwan
India
United Arab Emirates

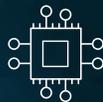
Key Outputs and Deliverables

Health, Safety, Security & Environment ("HSSE")



Embed a strong and proactive safety culture throughout our value chain to raise our operational and service standards to strive for "Goal Zero" through disciplined execution of HSSE Management System on the ground, upskill staff and subcontractors, measure the outcomes and minimise environmental impact in the work that we do.

Technology



Ensure we adopt the right technology, including working with leading solution providers to provide quality services, drive operational efficiency and effective solutions to our clients.

Stakeholder Management & Communication



Establish long-term partnerships to enable growth for suppliers/contractors who will provide quality and cost competitive offerings in the public and private sectors. Effectively communicate with our shareholders, investors, clients, supply chain partners and other stakeholders as part of UEM Edgenta's ecosystem.

Quality Services to Customers



We take care of our customers' assets and provide services that are geared towards maximising the asset lifecycle value and efficiency by ensuring continuous peak performance and optimisation.

Financial Growth & Shareholders' Value



Deliver revenue growth with cash-backed profit to provide attractive returns for our shareholders and support our business growth.

Excellent People



We strive to offer the best working environment, career development and opportunities for our people. We develop and create a vibrant, diverse workforce, committed to deliver sustainable and high-quality services for our customers.

GROUP STRATEGY - BUSINESS AND SUSTAINABILITY

WE ARE COMMITTED TO THE SUSTAINABILITY OF OUR BUSINESS THROUGH PROGRESSIVE EFFORTS TO INTEGRATE SUSTAINABILITY PRACTICES INTO OUR DAILY OPERATIONS ACROSS THE REGION.

As a Public Listed Company responsible to create value and sustainable growth for all our stakeholders, UEM Edgenta is cognisant of the fact that we must address important issues at the macro level. Our sustainability focus is represented under three key pillars.

Economic Optimising Assets

We impact businesses by helping our business partners reach their full potential by optimising value throughout their assets' lifecycle. In the process, we remain committed to quality excellence and greater efficiencies.

We strive to preserve and appreciate the economic value of assets and the businesses they represent.

Environmental Deploying Technology

We impact the environment positively by deploying cutting-edge technologies to improve operational and energy efficiencies across our workplace as well as within our client networks and the assets that we manage.

We strive to promote environmental stewardship and green/responsible behaviour.

Social Improving Lives

We impact people at many points in their daily lives - in our operations, hospitals, travelling on the roads, and in their homes and offices - which is why everything we do is grounded on the impact and well-being of our stakeholders.

We strive to promote welfare and well-being of our people and the communities we serve.

With that in mind, we continuously adapt and integrate our long-term approach to addressing sustainability risks and opportunities into our business strategy. From the workplace diversity to community development; from compliance to standards; from suppliers' welfare to employees' well-being; from environmental stewardship to promoting green behaviour, we are committed to identifying and mitigating our Economic, Environmental and Social ("EES") risks as part of how we do business.

We aim to improve efficiencies, reduce costs and enhance performance, all with the end goal of delivering credible and reliable services, while managing our EES impacts.

Central to our approach is a strong emphasis on Health and Safety, which provides the framework to embed safety culture for our employees and supply chain partners to think safe, work safe and be safe throughout the organisation.

Additionally, in line with international conventions, we are committed to ensure that our stakeholders – employees, supply chain partners and the local communities in which we operate – know their rights. We continuously maintain a healthy channel of communication in which they can exercise their freedom to express ideas, submit feedback, raise concerns, as well as their equitable right to grow with the Company.

We are proud to report that there were zero cases reported during the year under review for the following:

- Forced, indentured, bonded or involuntary labour at our project sites or in operating offices;
- Incidences of child labour in our project sites; and
- Discrimination or breaches related to freedom of association and collective bargaining.

We are committed to inclusivity and we engage with communities within which we operate through regular engagements and activities. It is an opportunity for us to gain their feedback on how we impact them through our operations.

At UEM Edgenta, we believe in investing for the future through shared value and growth in the people, for the planet, in which every one of our stakeholders will benefit.



Senior Leadership visit to S1 Pedas Linggi Mainline, during Expressway Operation Safety Passport ("EOSP") check

GROUP STRATEGY - STAKEHOLDER ENGAGEMENT AND MATERIALITY

Determining material matters is the starting point of how we formulate the various strategies which drive our business, to ensure we meet our stakeholders' expectations over time. At UEM Edgenta, we define material matters as those that impact value creation for our business, our profits, people and the planet.

We regularly engage with internal and external stakeholders through formal and informal platforms that provide us with an insight of their perspectives and expectations, particularly on issues that are material to us. Insights gained from these engagement sessions are then consolidated for deliberation at management level, after which the approved material topics will be presented to the Board together with action plans for review and approval.

The following are our various stakeholder engagement platforms that we leverage on to receive feedback from our key stakeholders

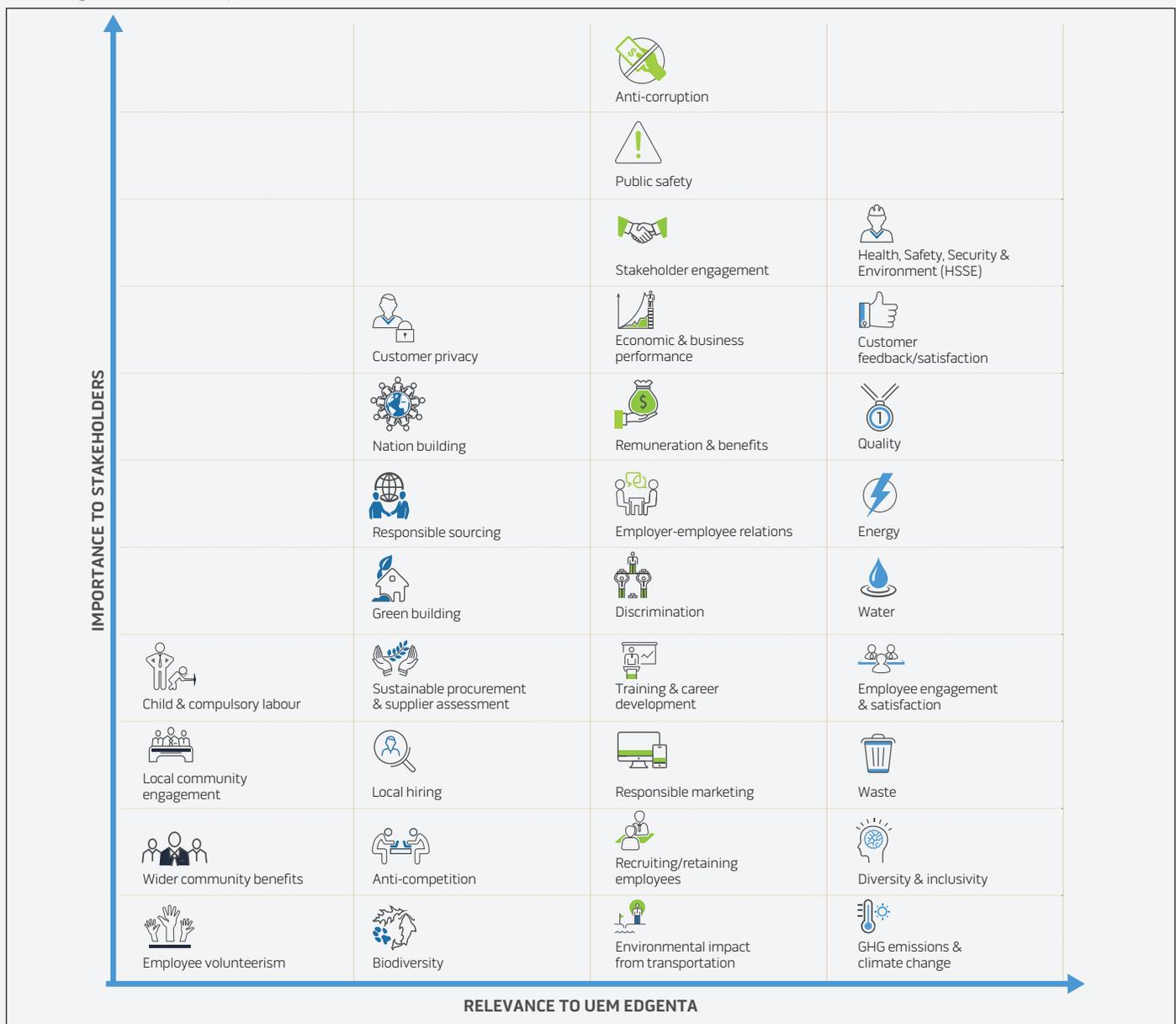
Stakeholder Engagement Platforms	Material Topics	Our Responses
Clients & Partners <ul style="list-style-type: none"> - Quarterly Meetings - Bi-annually Client Satisfaction Surveys - Exhibitions, Roadshows (As and When) - Annual Partners Operations Dialogue 	<ul style="list-style-type: none"> - Quality - Safety - Service 	<ul style="list-style-type: none"> - Operational excellence through Continuous Improvement ("CI") which includes the Innovation Garage and LEAN frameworks - Developed & adopted software and technology solutions to support operations - Continuous engagements on Health and Safety - Active participation in relevant industry associations
Employees <ul style="list-style-type: none"> - Yearly Appraisals - Yearly Employee Engagement Survey - Internal Employee Events - Monthly MD/CEO Messages - Daily / Weekly Internal Communications / Announcements via Intranet / Instagram / Mobile App - Monthly Management Staff Reviews - Periodical Townhalls - Annual Management Dialogue - Safety Day 	<ul style="list-style-type: none"> - Employer-Employee Relations - Safety - Remuneration & Benefits - Training & Career Development - Corporate Updates 	<ul style="list-style-type: none"> - Conducted employees' capability in CI which includes Innovation Garage to tackle high-impact problem statements and LEAN process improvements & training - Developed a HSSE Master Plan to optimise safety in our operations - Improved internal and external engagements on safety - Conducted teambuilding sessions to improve organisational agility, boost teamwork performance and foster innovation and creativity - Improved performance evaluation through Performance Management System, Pay for Performance and Performance Individual Plan - Ongoing training programmes for skill development and knowledge enhancement - BEAKON was developed to enable employees a more effective way to report safety observations and further promote and enhance the HSSE culture among our people
Regulators & Policy Makers <ul style="list-style-type: none"> - Quarterly Meetings - Conferences & Events 	<ul style="list-style-type: none"> - Compliance - Local & Government Agenda - Nation Building 	<ul style="list-style-type: none"> - Provided regular updates on compliance issues and operations - Maintained and updated ISO Certifications - Periodic engagement with Government and regulatory agencies on policy matters relating to our industry
Supply Chain Partners <ul style="list-style-type: none"> - Vendor Development Programme - Periodic Vendor Performance Reviews, Planned Audits & Site Visits - Annual Partners Operations Dialogue & Integrity Day 	<ul style="list-style-type: none"> - Responsible Sourcing - Safety & Operational Excellence - Anti-Corruption 	<ul style="list-style-type: none"> - Vendor Development Programme to support Bumiputera entrepreneurs - Continuing engagements on Safety and periodic checks on compliance with regulations and relevant laws/codes - Whistle Blower Policy to address collusion and to promote integrity & good governance. Zero tolerance for corrupt practices
Community <ul style="list-style-type: none"> - Bi-Monthly Events & Gatherings 	<ul style="list-style-type: none"> - Wider Community Contributions - Community Engagement 	<ul style="list-style-type: none"> - Continued and improved engagements with students under PINTAR Foundation – motivational camps, exam preparation etc. - Continued and expanded philanthropic activities during festive seasons
Shareholders & Investors <ul style="list-style-type: none"> - Quarterly Meetings with the Board & Shareholders - Half-Yearly Analyst Briefings 	<ul style="list-style-type: none"> - Business Performance - Return on Investments - EES Risks & Impacts 	<ul style="list-style-type: none"> - Detailed and transparent updates through ongoing half-yearly analyst and media briefings - Improving Annual Report content and delivery to ensure transparent and accurate reporting of the Group's performance and activities

GROUP STRATEGY - STAKEHOLDER ENGAGEMENT AND MATERIALITY

How We Determine Material Matters

- 1 IDENTIFY & ASSESS** We identify and assess matters that have the potential to impact the sustainability of our business operations. It is an organisation-wide effort and includes internal deliberations, independent research, monitoring external environment, inputs from all our business units, support divisions as well as feedback from all our stakeholders.
- 2 PRIORITISE & RANK** The issues identified are prioritised according to the greatest relevance and highest impact on our business, relationship with stakeholders and our sustainability.
- 3 INTEGRATE & RESPOND** Material matters that have been identified and prioritised are included in our long-term business strategies as well as short-to-medium term business plans.

UEM Edgenta Materiality Index



Matters Material to Our Business and Stakeholders	How We Deploy Our Strategies to Create Value
<p>OPERATIONS</p> <ul style="list-style-type: none"> ▪ There is a need to improve efficiency by optimising resources and increasing productivity, which will translate into reduced costs for the Company, while ensuring that our clients obtain quality and value for money services. ▪ This can be achieved by putting in place the appropriate processes and systems, supplemented by technology and innovation enablers. ▪ Safety is a critical component of our operations as it impacts on productivity as well as the well-being of the community. 	<p>We constantly look for ways to deliver our services more efficiently, including the redesign, modernisation / upgrade and enhancement of existing processes and systems through CI which includes the Innovation Garage and LEAN frameworks.</p> <p>One such example is the implementation of mechanisms that track our performance by asset and by location. With this greater control, we have the ability to improve the levers that directly impact our operational efficiency and profitability.</p> <p>A HSSE Master Plan was developed to optimise safety in our operations.</p> <p>We improved our engagements internally and externally to instil a 'Goal Zero' mentality and to set the foundation for a safety culture.</p> <p>We also introduced annual themes on safety to support operational excellence initiatives and improve safety performance.</p>
<p>PEOPLE</p> <ul style="list-style-type: none"> ▪ Given that our people are one of the main growth drivers of our business, we need to focus on mitigating any potential shortages in talent. It is the technical expertise and knowledge of our people that will give us a competitive edge in the marketplace. ▪ This is against the backdrop of fast-changing workplace dynamics with technological advancements, as well as increasing customer complexity. ▪ All these put additional pressure to continuously build new skills and capabilities to keep the organisation competitive. 	<p>We improve the capabilities of our workforce through a structured learning and development programme.</p> <p>This includes training on both technical and functional competencies, delivered during the course of the year via in-house as well as external courses, international and local conferences.</p> <p>One such example is the implementation of CI training to all the employees across business divisions, in particular on LEAN process improvements.</p> <p>We are in the midst of launching the Edgenta Academy, which is a Centre of Excellence to inculcate technical learning and build a talent pipeline.</p> <p>All these initiatives are overseen by our strong leadership team that focuses on nurturing our people to acquire new skillsets, as well as inculcate a performance culture and results-driven mindset throughout the organisation.</p>
<p>TECHNOLOGY</p> <ul style="list-style-type: none"> ▪ The future of our industry and sectors we supervise will not be devoid of technological interventions, which will drive new innovative ideas and solutions. Automation, advanced analytics, artificial intelligence and big data will allow organisations to tap new consumer insights for more innovative solutions, amidst increasing competition. ▪ Organisations will increasingly need to not just embrace technology, but to be in the forefront of deploying technology in a responsible and financially- yielding manner. 	<p>Organisation-wide, we see technology as a key enabler and the biggest game changer, which will allow us to optimise resources and increase productivity, thereby reduce costs, as well as improve our offerings for better customer outcomes.</p> <p>We continuously seek value-added partnerships and ingenious technologies, so that we can deploy and leverage on the most relevant technology solutions in delivering our offerings to clients.</p>
<p>INDUSTRY LANDSCAPE</p> <ul style="list-style-type: none"> ▪ Our customers' expectations are dynamic in the face of evolving technologies, as well as the emergence of new business models and service offerings. To this end, customers are demanding more sophisticated solutions while at the same time becoming more cost and quality conscious. ▪ Without tailoring solutions to customers' priorities and business imperatives, it will be challenging for organisations to make their value proposition compelling enough for customers. 	<p>We focus on developing a strong commercial mindset to strengthen our solutioning and origination capabilities, so that we have the capability to design and customise our offerings to meet the needs and expectations of our customers.</p> <p>Given the diverse but complementary offerings of our businesses, we are able to provide synergistic and holistic offerings for the long-term benefit of our customers.</p>

GROUP STRATEGY - STRATEGIC FOCUS AREAS

A LEADER IN ASSET MANAGEMENT & INFRASTRUCTURE SOLUTIONS



Grow and enhance
our businesses
across the region



A clear market leader
delivering best-in-class
processes and
smart solutions



Become a renowned
Employer of Choice and
build the industry
talent pool

4 STRATEGIC THEMES towards achieving our ambition

1



Market Leadership

- Industry thought leadership
- Employer of Choice
- Innovation Hub

2



Growth & Scale

- Changing service delivery model
- Regional expansion

3



Operational Excellence

- Health, Safety, Security & Environment
- Performance-Based Contracting
- Technology adoption

4



Organisational Excellence

- Edgenta Academy
- Competency development

6 FOCUS AREAS to support UEM Edgenta's strategy

1

OPERATIONAL
EXCELLENCE

2

ORGANISATIONAL EXCELLENCE

3

HEALTH, SAFETY, SECURITY
AND ENVIRONMENT ("HSSE")

4

CLIENT
SOLUTIONS

5

TECHNOLOGY

6

STAKEHOLDER MANAGEMENT
& COMMUNICATION

6 STRATEGIC FOCUS AREAS – 2018 ACHIEVEMENTS & 2019 PRIORITIES

	2018 ACHIEVEMENTS	2019 PRIORITIES
Operational Excellence	<ul style="list-style-type: none"> ▪ Signing of first Performance-Based Contracting ("PBC") agreement for Pavement works with PLUS ▪ Roll-out of Continuous Improvement ("CI") is on track, which includes the Innovation Garage and LEAN frameworks – Delivered significant cost savings which contributed to overall margin improvement for FY2018 ▪ Awarded Facilities Management Company of the Year Award 2018 by Frost & Sullivan Malaysia ▪ On track for the adoption of the Enterprise Resource Planning ("ERP") system ▪ 4-STAR award for Excellent Hospital Support Services – Company Performance Assessment by Ministry of Health, Malaysia ▪ Achieved the National Environment Agency of Singapore's Enhanced Clean Mark Accreditation Scheme (Gold) Award, for the 4th year running 	<ul style="list-style-type: none"> ▪ Operational readiness for implementation of ERP system and PBC ▪ Simplify, digitalise and modernise processes and systems to deliver seamless experience internally and externally ▪ Leverage on CI Programmes across all main divisions to drive significant improvement in business and operational performance ▪ Instilling discipline of high performance and financial accountability across the organisation ▪ Pursuing an innovative approach to problem solve existing issues or to improve operational processes
Organisational Excellence	<ul style="list-style-type: none"> ▪ Invested RM6.7 million in capability building of our people, both towards functional and technical competencies enhancement, excelling customer experience, leading teams, technical certification, technology enablement and building internal trainers ▪ Conducted over 50 in-house training programmes, external programmes; on-the-job training; covering 16,861 training days, an average of 4 training days per identified employee ▪ 78% mid-management upskilled in managerial & technical competencies ▪ HR division embarked on digitisation process 	<ul style="list-style-type: none"> ▪ Develop our talent into a forward-thinking, competent, agile and an empowered workforce ▪ Build CI capability of employees across all main divisions, in particular on LEAN process improvements & training ▪ Refining employees' Key Performance Indicators towards Performance-Based Culture ▪ Incentivise and reward staff who deliver high performance and better services to our clients ▪ To launch the Edgenta Academy – the Company's Centre of Excellence for technical learning in the industry and build a talent pipeline
Health, Safety, Security And Environment ("HSSE")	<ul style="list-style-type: none"> ▪ 70% reduction in fatalities from 12 fatalities in 2017 to 3 in 2018 ▪ Felt & Visible Leadership, enhanced stakeholder engagement and upskilling of staff and subcontractors through: <ul style="list-style-type: none"> – Inaugural Partners Operations Dialogue and Safety Day – Joint Safety Compliance Audit and Management visits by top leadership with PLUS – 20,000 employees/contractors/subcontractors engaged/trained/participated in HSSE events ▪ Implemented a HSSE Management System that encompasses a digital master manual, a safety observation management system called "BEAKON", a digital web-based system and a contractor safety management framework ▪ BEAKON enhanced to be accessible via mobile application since November 2018 ▪ More than 12,000 safety observations submitted through BEAKON 	<ul style="list-style-type: none"> ▪ Improving HSSE Culture with more involvement from senior leadership ▪ Enhancing and strengthening HSSE processes ▪ Continuous training and engagement to inculcate HSSE culture and upskill staff, clients and contractors ▪ Kickstart development of a HSSE Ecosystem

GROUP STRATEGY - STRATEGIC FOCUS AREAS

	2018 ACHIEVEMENTS	2019 PRIORITIES
Client Solutions	<ul style="list-style-type: none"> Secured Design & Build contracts for Pavement Structural Overlay from PLUS Healthcare Support clinched new wins from MoH for 9 State Clinics in Pulau Pinang Secured significant new overseas wins i.e. Tri-Service General Hospital, National Taiwan University Cancer Centre and Far East Memorial Hospital in Taiwan, Khoo Teck Puat Hospital, Tan Tock Seng Hospital and Sengkang General and Community Hospital in Singapore EPC clientele grew to include Hospital Universiti Sains Malaysia and PROTON Langkawi Hospital – 1st in Malaysia to be recognised as a Green Hospital Secured integrated facilities management contracts for additional CIMB buildings, Afiniti Medini and wasl Asset Management Group for Deira Zone 1 and 2, Dubai 	<ul style="list-style-type: none"> Continue to embed a client first mindset in all facets of our business Elevating UEM Edgenta's solutioning / origination capability To secure major national projects across healthcare support, infrastructure services and property & facility solutions sectors
Technology	<ul style="list-style-type: none"> In Infrastructure Services, introduced an in-house developed integrated enterprise system to track, monitor and manage infrastructure assets and maintenance operation services called Road Asset Management System (RAMS) Implemented mechanisation and <i>UETrack</i>™ system at: <ul style="list-style-type: none"> Hospital Sultanah Bahiyah, Alor Setar, Kedah Hospital Tuanku Fauziah, Kangar, Perlis Hospital Teluk Intan, Perak which includes the deployment of motor scrubber and KAIVAC cleaning system, Toilet Demand Inspection System (TDIS), Housekeeping Performance Based System (HPBS), Unified Clocking System (UCS) and Feedback Management System (FMS) Enabled linen tracking at hospitals and laundry plant with RFID (Radio Frequency Identification) tagging on linen managed, which eliminates loss of linen and enhances decision making on usage, stock level and replenishment The Edgenta Smart Connect platform together with client dashboards are operational at all managed sites of Property & Facility Solutions 	<ul style="list-style-type: none"> Continuous improvement and adoption of systems and applications to improve operational efficiency and achieve cost savings Data-driven asset management technology as an enabler to optimise clients' assets, enhance experience and value-for-money to customers
Stakeholder Management and Communication	<ul style="list-style-type: none"> IEM Award for Contribution to the Engineering Industry in Malaysia – Facilities Management for the year 2018 by The Institution of Engineers, Malaysia (IEM) Council Awarded the BrandLaureate Brand Influencer of the Year Award 2017 – 2018 in Integrated Asset Solutions Nominated for Best IR Website and Most Improved Service for the Investor Relations Awards 2018 by Malaysian Investor Relations Association ("MIRA") Received a Merit Certificate for the Company's Annual Report 2017 from the National Annual Corporate Reports (NACRA) Boosted Investor Relations value with increased media exposure and engagement with the investing community Refreshed Brand Strategy as "Asset Management & Infrastructure Solutions" to provide clarity and strong positioning for business growth and expansion 	<ul style="list-style-type: none"> Continuous internal communications and relationship amongst employees through our People Value Proposition and engagement initiatives Undertake branding activities to increase exposure and recognition of UEM Edgenta's brand Elevate external communication and engagement initiatives with key stakeholders such as clients, partners, governmental agencies, regulators, investors and media

GROUP STRATEGY - TECHNOLOGY AND INNOVATION

WE ARE CONSTANTLY CREATING NEW TECHNOLOGICAL AND INNOVATIVE SOLUTIONS THAT WILL HELP OUR CLIENTS OPTIMISE THEIR ASSETS TO ITS FULL POTENTIAL

At UEM Edgenta, it is a priority for us to cultivate a working environment that inspires our employees to push the boundaries and revolutionise the way assets are managed by integrating the latest technologies into smart, tailored solutions for our clients. This allows us to break the convention and introduce smart, cutting-edge solutions to manage the total asset life cycle. We are committed to improve efficiency, accelerate performance and deliver innovative solutions for clients across all of our core sectors through various in-house and bespoke technology platforms.

The digital revolution has not only added a new dimension to the asset management business but has opened up immense opportunities for us to revolutionise the industry. Our digitalisation efforts, have enabled us to set new benchmarks as we move away from traditional, less-optimal processes.

Our digital transformation and growth strategies focus on the key enablers of our business – driving innovation; empowering partnerships; and connecting communities. Through the limitless potential of technology in planning and managing the assets, we are able to provide better services to customers through real-time data and performance assessment.

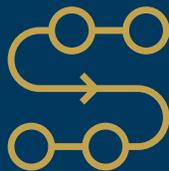
Our next phase of Internet-of-things (“IoT”) will see assets gaining more intelligence, cost-efficiencies and customised technological capabilities to meet the needs of communities. For instance, we are in partnership with Microsoft to create more ground-breaking innovations and solutions to value add to our service offerings.

Technology, Innovation and Operational Excellence



SYSTEMS

Command & Contact Centre
UETrack™
Edgenta SMART CONNECT Solutions
Road Asset Management System
BEAKON



PROCESSES

Continuous Improvement Programmes
LEAN Process Improvements & Training
Innovation Garage
Performance-Based Contracting
Asset-based P&L Accountability



EQUIPMENT

Automation & Mechanisation
Radio Frequency Identification Technology
Real-Time Sensors



MATERIAL

Pavement Research Lab
Environmental Material Testing Lab

Health, Safety, Security & Environment

GROUP STRATEGY - TECHNOLOGY AND INNOVATION

SYSTEMS

UETRACK™ PLATFORM

UETTrack™ is a mobile resource optimisation platform, which encompasses a web portal, mobile and tablet app. It consists of several sub-modules to support housekeeping, facility management and other services.

UETTrack™ also enhances productivity, promotes automation of work processes, reduces cost and improves customer satisfaction, among other benefits. In 2018, Healthcare Support division implemented UETTrack™ at an additional three public hospitals, where we deployed modules such as Housekeeping Performance Based System ("HPBS"), Unified Clocking System ("UCS"), Feedback Management System ("FMS") and Toilet Demand Inspection System ("TDIS").

EDGENTA SMART CONNECT SOLUTIONS

Our smart facilities management solution is built on Microsoft's Azure IoT Hub, Microsoft Power BI, Urbanise, RDM and Machine Learning. With this solution, we are able to harness data insights to deliver better value and improved services to our customers. For instance, it captures real-time data from the air-conditioning, lighting, lift systems and other building services, which is then processed to flag irregularities. This further allows predictive maintenance, anomaly detection and improved performance of assets.

RAMS

RAMS is a comprehensive and integrated enterprise system used in Infrastructure Services for efficient and effective delivery of asset management and maintenance operation services as per requirements under Performance-Based Contracting ("PBC"). Current modules of RAMS have integrated historical and new data tagged by assets into the procurement and financial systems, as well as operational platforms. It allows users to perform remote monitoring and management of work and assets with ongoing collection of data to provide better analysis with the assistance of Artificial Intelligence. Accessibility of RAMS is made available to various stakeholders of the asset including the asset owner, governmental authorities, consultants, surveyors, managers, mainline workers, supply chain partners and auditors.

BEAKON

We landed a new web-based platform named BEAKON, which was rolled-out to the entire organisation in April 2018. It is a HSSE Management Information system that includes an e-reporting system that can be used by employees to highlight and report safety observations and incidents at their workplace. In the 4th Quarter of 2018, the mobile application version of BEAKON was rolled out to enable all employees a more effective way to report safety observations and further promote and enhance the HSSE culture among our people.

PROCESSES

LEAN PROCESS IMPROVEMENTS & TRAINING

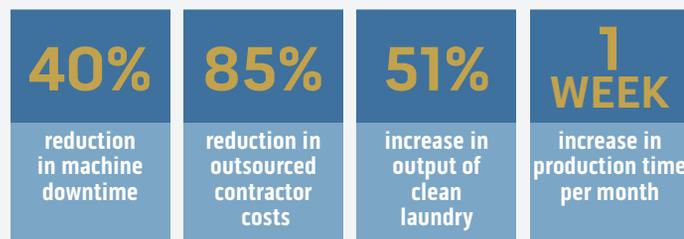
As we progress from an input-based towards an outcome-centered delivery model, a dedicated and expert team has been established to implement LEAN initiatives under the ambit of Continuous Improvement to drive significant improvements in business and operational performance. One of the efforts being undertaken is the LEAN Programme which is a methodology of actively identifying and eradicating of all priority losses/wastages in the End to End ("E2E") supply chain network which drives significant improvement in business and operational performance. By doing this, we aim to realise actual savings that will positively impact our growth and profitability.

Case Study: Kamunting Laundry Plant

How do we increase Overall Equipment Effectiveness and unlock capacity of the laundry plant?

Essentially, what we needed to do is identify and reduce the priority losses i.e. lost time from planned cleaning loss, start to finish production / labour and machine breakdowns.

To address this, the team introduced 'Gemba walks' (a practice of LEAN), drawing insights from observation of work processes to detect inefficiencies. The team also implemented Daily Management System for effective information sharing and to aid with decision making, and a breakdown tracker where a maintenance technician and production manager will be alerted promptly to resolve unplanned down time issues of the machines. These initiatives resulted in:



INNOVATION GARAGE

In 2018, our innovation journey continued with the Company embarking on Khazanah's Trending Innovation Disruption Entrepreneurship ("TIDE") Programme as part of its GLC transformation initiative. The TIDE team came up with projects to achieve operational cost savings and address HSSE concerns, which are summarised as follows:

- **Healthcare Support** – Reduction in operating costs for Facility Engineering Maintenance Services ("FEMS") and Biomedical Engineering Maintenance Services ("BEMS") by 30%
- **Property & Facility Solutions** – Created a High Performance Building Dashboard which increased productivity by 30% and cost efficiency by 30%
- **Infrastructure Services** – Amongst others, improved designs for the Propel Intervention Trucks ("PIT") and rumble strips that enhances safety by reducing exposure to live traffic by 80%

EQUIPMENT

AUTOMATION & MECHANISATION

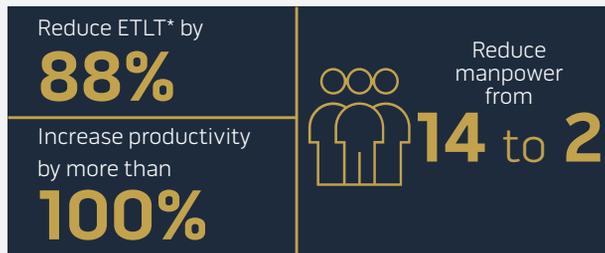
In 2018, we invested heavily by introducing machinery and robots to automate and mechanise work where it will be able to address 3 areas of concern described as follows:

- Reducing financial costs;
- Lowering reliance on manpower; and
- Minimising exposure to health and safety risks.

An overview of some of the investments:

1. MULAG Grass Cutter

The MULAG Grass Cutter will be introduced in 2019 to get 'boots-off-the-ground' and eliminate Exposure to Live Traffic to our highway maintenance workers. The MULAG Grass Cutter mows grass around posts and crash barriers support fixtures. It not only enhances safety but drastically improves operational efficiency as the MULAG Grass Cutter can complete about 84,000m² per day for 7 hours (without lane closure). This is equivalent to 14-man power output per day for manual cutting. Additional results that can be expected of mechanising our manual grass cutting operations is tabulated below:



* Exposure To Live Traffic



2. Autonomous floor scrubber

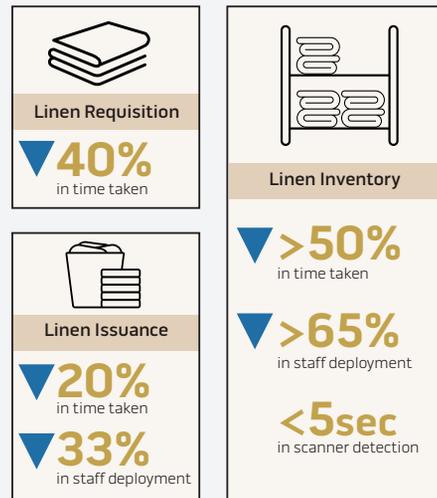
In transforming the manual way of cleansing where labour is required and brooms and mops are used, we invested in an autonomous floor scrubber called Avidbot. It only requires to be switched on and it will automate the cleaning process using intelligent, dynamic mapping and obstacle & collision avoidance technology.

Use of the equipment has resulted in 80% reduction in manpower requirements and 48% savings in manpower costs.



3. Radio Frequency Identification ("RFID") tagging

In our laundry plants, each linen has a RFID tag, an ultra-high frequency transponder that, when used with a scanner, provides real time information on its movement, stock status and usage, and thus, enhances linen management and control towards work efficiency and increased productivity. This eliminates manual counting and human error and also automates the process of data entry into the system. Ultimately this will result in ZERO loss of linen.



MATERIAL

Pavement Research Centre

Development of new asphalt mixes and innovative techniques & pavement design where results have shown:

- 47% increase in productivity in terms of pavement length.
- 20% reduction of costs of repavement.



GROUP STRATEGY - KEY RISKS AND MITIGATION

WE IDENTIFY AND MANAGE THE INHERENT AS WELL AS EXTERNAL RISKS TO OUR BUSINESS THROUGH OUR ROBUST RISK MANAGEMENT FRAMEWORK. WE BELIEVE IN GOING BEYOND COMPLIANCE TO ADOPT POLICIES, PRINCIPLES AND PRACTICES, WHICH WILL HELP MINIMISE OUR RISK EXPOSURE AND MAXIMISE OUR PERFORMANCE.

We see risks as opportunities to strengthen our internal controls, compliance procedures and management strategies. With a robust enterprise risk management platform, we identify principal risks, classify them based on their likelihood and impact, and prioritise in keeping with the dynamic operating environment. We continuously monitor different types of risks associated with our business which can be discussed under six (6) key categories:

Market/Industry	Operations	Financials	Compliance/Regulatory	People	Management Information System
KEY RISKS			MITIGATION		
Market/Industry					
<p>Market risk arises when a service provider is subjected to adverse market conditions such as increased competition, adverse demand conditions, economic condition or inability to develop markets or position service offerings to targeted customers.</p> <p>In all our operating markets, our competitiveness as a leading Asset Management & Infrastructure Solutions company is challenged by:</p> <ul style="list-style-type: none"> The operational nature of our business (which tends to be deprioritised as a strategic business imperative by clients/potential clients in a price sensitive industry). The global economic headwinds and Government factors, which may shrink public and private funds, affecting potential spending on infrastructure projects and asset management. Manual and labour-intensive aspects of asset management. 			<p>Taking cognisance of the risk, we adopted a differentiated approach to drive growth, innovation and efficiency. Powered by smarter thinking, ingenious solutions and with technology as the key enabler, our objective is to revolutionise principles of asset management business.</p> <p>It is our long-term strategy to derive the benefits of technology, including mechanisation, automation and advanced analytics for improving operational efficiencies and delivering value to our clients.</p> <p>We continue to explore opportunities such as public & private healthcare support, infrastructure services and asset consultancy and management via deployment of technology solutions to set new benchmarks and communicate our value proposition to current and potential clients.</p>		
Operations					
<p>More than 80% of our employees are blue-collared workers and the working conditions - especially in healthcare support, property & facility solutions, infrastructure services and asset consultancy involving project construction sites, plants, hospitals, highways, high rise buildings – pose HSSE related risks if not properly managed.</p> <p>Our continuing challenge is to not only inculcate a 'safety-first' mindset but to continuously monitor our working environment to ensure full compliance with HSSE standards.</p>			<p>We maintain a safe and healthy work environment to protect our people, supply chain partners and other stakeholders. To mitigate work-related HSSE risks:</p> <ul style="list-style-type: none"> We have developed a HSSE Masterplan, with progressive targets and "Goal Zero" aspiration. We conduct HSSE certifications, training, mentoring and regular orientation to increase awareness, and instilling behaviour. We demonstrate strong leadership in our operations, continuous dialogue with supply chain partners to inspire greater accountability on safety at every level. <p>To drive operational excellence, we constantly challenge status-quo process and drive innovation initiatives such as Continuous Improvement programme which includes the Innovation Garage and LEAN frameworks. Such initiatives have shown positive results in cost savings, improving process efficiency and inculcate a safer working environment.</p>		

KEY RISKS	MITIGATION
Financials	
<p>We are exposed to financial risks such as credit and foreign exchange fluctuation, which arises primarily from trade and other receivables.</p> <p>Credit risk refers to the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligation.</p> <p>Foreign exchange risk refers to the risk that the fair value or future cash flow of a financial instrument will fluctuate due to changes in foreign exchange rates against Malaysian Ringgit. The main foreign currencies in which the transactions are denominated are Singapore Dollar, UAE Dirham, New Taiwan Dollar, Indonesian Rupiah, Indian Rupee due to our operations in Singapore, Dubai, Taiwan, Indonesia and India.</p>	<p>We control credit risk by carrying out stringent credit evaluations and monitoring procedures on customers and receivables respectively.</p> <p>In mitigating foreign exchange risk, we maintain a natural hedge to the extent possible, by borrowing in the same currency as the future revenue stream to be generated from the overseas entities.</p>
Compliance/Regulatory	
<p>We take cognisance that the Company's sizeable business are concession in nature, operating in various industries, especially healthcare support and infrastructure services that are subject to a broad range of rules and regulations. Any adverse changes in government policies or non-compliance could lead to reputational or financial damages and disruption in operations.</p>	<p>With our cross-industry experience, we are well-positioned to meet the strategic needs of our clients and value-add, even in concession businesses.</p> <p>We make a concerted effort to deliver quality services to our clients with strict adherence to service level performance.</p> <p>We have dedicated functions such as Compliance, HSSE, Quality Assurance/Quality Control, and Secretarial to monitor regulatory and policy developments, liaise with relevant governing authorities to stay abreast of regulatory changes and our obligations.</p>
People	
<p>People are one of our great assets and key pillars of success. Strategies are mere statements without their skilful execution. Our challenges are to upskill and reskill our people, acquire the right talent in a competitive market and retain our best people, who are able and motivated to deliver value for our stakeholders.</p>	<p>To build a workforce of the future, the Edgenta Academy is well positioned to upskill and reskill our people, equip them with new talents and knowledge.</p> <p>We not only hire the 'right' talent, but also retain the 'best' talent by continuously benchmarking with competitive industry practices.</p> <p>Our performance management system aims to align the interests and aspirations of our workforce with organisational growth objectives. Our progressive remuneration system motivates and rewards greater performance outcomes year on year.</p>
Management Information System	
<p>Organisation-wide, we see technology as a key enabler and the biggest game changer, which will allow us to optimise resources, reduce costs, increase productivity and improve our offerings for better customer outcomes.</p> <p>Due to the growing interconnectedness of our systems, there is an increased risk of exposure to cyber threats, breach of information security, compromised data integrity/privacy and prolonged disruption of IT ecosystem.</p>	<p>To remain relevant and maintain a competitive advantage in an era of increasing digitisation, we are embarking on a digital revolution by adopting Enterprise Resource Planning ("ERP") system.</p> <p>We look at company-wide security planning through monitoring of critical information, security control via comprehensive IT security solutions and continuous awareness programmes.</p> <p>We undertake self-assessment in identifying gaps and seek ways to improve our digital assets and user experience.</p>

GROUP STRATEGY - GOVERNANCE OVERVIEW

GOOD CORPORATE GOVERNANCE MEANS HAVING STRUCTURES AND PROCESSES IN PLACE TO ENSURE THAT DECISIONS AND ACTIONS ARE IN THE BEST INTERESTS OF STAKEHOLDERS.

At UEM Edgenta, our corporate governance framework is in line with the guidelines prescribed by the Malaysian Code of Corporate Governance ("MCCG2017") in terms of board leadership and effectiveness, effective audit, risk management, and internal controls; corporate reporting and relationship with stakeholders. In addition, we are also guided by our internal policies and procedures for effective implementation.

We strictly adhere to all regulatory and legal requirements as we continue to practice fair and transparent dealings with clients and supply chain partners. Our corporate and sustainability governance are supported by key policies, systems, processes, standard operating procedures and best practices.

Focus Areas	Relevant Policies
Economic	<ul style="list-style-type: none"> Investor Relations Policy Corporate Disclosure Policy Sustainability Policy Corporate Responsibility Policy Privacy Policy/Personal Data Protection Policy Group Procurement Policy No Festive Gifts Policy Code of Conduct Donations & Sponsorship Guidelines
Environmental	<ul style="list-style-type: none"> Quality, Health, Safety, Security & Environment Policy Energy Policy
Social	<ul style="list-style-type: none"> Whistle Blower Policy Code of Conduct Quality, Health, Safety, Security & Environment Policy Sustainability Policy Corporate Responsibility Policy Donations & Sponsorship Guidelines Corporate Disclosure Policy No Festive Gifts Policy Social Media Policy IT General (Governance) Policy Group Mobile Device Policy Anti-Bribery & Anti-Corruption Guide

The Board of Directors reviews and assesses the strategic directions required to achieve the Company's goals for long-term sustainable growth. The Senior Management team, with the help of the heads of the various divisions, oversees the activities executed by the Company to ensure conformity to the strategies and objectives.

For more information on Corporate Governance, please refer to the Corporate Governance Overview Statement on pages 108 to 117 of this report. For further details of UEM Edgenta's Risk Management Framework, please refer to our Statement on Risk Management and Internal Control from pages 118 to 125 of this Annual Report.

Furthermore, we also place great emphasis on setting and achieving high standards of quality and performance when it comes to delivering core services to our clients and customers. We focus on fostering positive collaborations with supply chain partners and suppliers whom we see as essential to drive us towards our greater vision of Optimising Assets to Improve Lives.

Our value-chain relationships are guided by procurement policies that promote fair participation opportunities and transparent processes. To ensure business continuity, credibility and success of UEM Edgenta and its various subsidiaries, we strictly adhere to international standards and guidelines as follows:

UEM Edgenta's key subsidiaries certified with the various certifications

Edgenta PROPEL Berhad ISO 9001:2015 ISO 14001:2015 OHSAS 18001:2007	Edgenta Mediserve Sdn Bhd ISO 9001:2015 ISO 14001:2015 OHSAS 18001:2007 ISO 13485:2016
Edgenta Environmental & Material Testing Sdn Bhd ISO 9001:2015 ISO 14001:2015 OHSAS 18001:2007 ISO/IEC 17025:2005	Kamunting Laundry & Incineration Plant ISO 9001:2015 ISO 14001:2015 OHSAS 18001:2007
Opus International (M) Berhad ISO 9001:2015 ISO 14001:2015 OHSAS 18001:2007	Kuala Ketil Laundry Plant ISO 9001:2015 ISO 14001:2015 OHSAS 18001:2007 MS 1722:2011
	KFM Holdings Sdn Bhd ISO 9001:2015 ISO 14001:2015 OHSAS 18001:2007

Additionally, two of our subsidiaries are currently being validated for the following ISO standards for 2019:

Edgenta Mediserve Sdn Bhd ISO/IEC 27001:2013 ISO/IEC 20000:2018	Edgenta Healthronics Sdn Bhd ISO 13485:2016
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GROUP STRATEGY - CONTRIBUTIONS TO UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

THE 2030 AGENDA FOR SUSTAINABLE DEVELOPMENT, ADOPTED BY ALL UNITED NATIONS MEMBER STATES IN 2015, PROVIDES A SHARED BLUEPRINT FOR PEACE AND PROSPERITY FOR PEOPLE AND THE PLANET, NOW AND INTO THE FUTURE.

At its heart are 17 Sustainable Development Goals (SDGs), which are a call for action to end poverty, improve health and education, reduce inequality, and spur economic growth – all while tackling climate change and working to preserve our oceans and forests.

At UEM Edgenta, our long-term vision is to align our corporate responsibility initiatives with the SDGs. To date, we have introduced and actively participated in numerous sustainability efforts aligned to our business objectives which support several of the SDGs and are committed to continue to do so as part of our promise to all our stakeholders.

Among them are initiatives related to SDG 9 (Industry, Innovation and Infrastructure), in which we subscribe to as a responsible corporate citizen to boost economic growth and development. Our efforts to continuously innovate our offerings, especially in the areas of information and technology enables our clients to continue providing

services to benefit communities. Furthermore, our sustainability efforts which are further detailed throughout this report showcases our spirit to support other SDGs such as SDG 3 (Good Health & Well-being), SDG 5 (Gender Equality) and SDG 8 (Decent Work & Economic Growth), among others.



Our performance throughout the different sectors we operate in is continuously reviewed and improved, as it is a strong feature in the execution of our strategy to achieve prosperity for our business, the growth of the people and to safeguard the future of the planet.

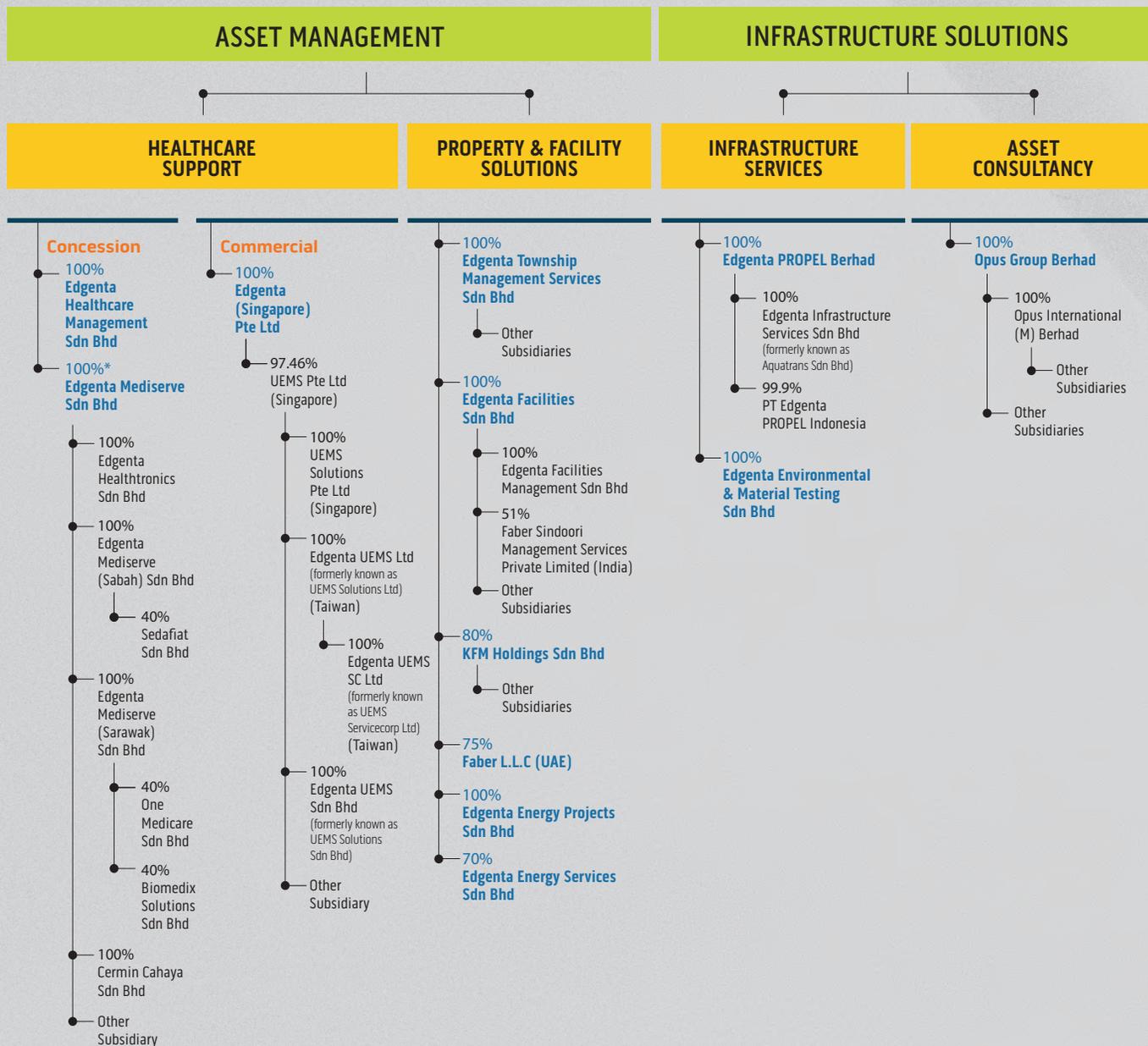


CORPORATE STRUCTURE

as at 8 March 2019



A member of UEM Group



*Direct and indirect interest

CORPORATE INFORMATION

BOARD OF DIRECTORS

Amir Hamzah Azizan

Non-Independent Non-Executive
Chairman

Dato' Azmir Merican

Managing Director/Chief Executive Officer

Dato' Noorazman Abd Aziz

Non-Independent Non-Executive Director
(Appointed on 2 October 2018)

Robert Tan Bun Poo

Independent Non-Executive Director

Dr. Saman @ Saimy Ismail

Independent Non-Executive Director

Elakumari Kantilal

Non-Independent Non-Executive Director

Juniwati Rahmat Hussin

Independent Non-Executive Director

Dato' George Stewart LaBrooy

Independent Non-Executive Director

Emily Kok

Independent Non-Executive Director
(Appointed on 30 March 2018)

Rowina Ghazali Seth

Independent Non-Executive Director
(Appointed on 1 August 2018)

Dato' Izzaddin Idris

Non-Independent Non-Executive Director
(Resigned on 2 October 2018)

Shahazwan Harris

Alternate Director to
Dato' Noorazman Abd Aziz
Non-Independent Non-Executive Director
(Appointed on 22 October 2018 and
resigned on 28 February 2019)

AUDIT AND RISK COMMITTEE

Robert Tan Bun Poo

Chairman

Elakumari Kantilal

Member

Emily Kok

Member
(Appointed on 1 June 2018)

Dr. Saman @ Saimy Ismail

Member
(Resigned on 1 June 2018)

NOMINATION AND REMUNERATION COMMITTEE

Juniwati Rahmat Hussin

Chairman

Dato' Noorazman Abd Aziz

Member
(Appointed on 2 October 2018)

Dr. Saman @ Saimy Ismail

Member

Rowina Ghazali Seth

Member
(Appointed on 1 August 2018)

Dato' Izzaddin Idris

Member
(Resigned on 2 October 2018)

BOARD TENDER COMMITTEE

Elakumari Kantilal

Chairman

Dato' George Stewart LaBrooy

Member

Emily Kok

Member

COMPANY SECRETARY

Chiew Siew Yuen

(MAICSA 7063781)

REGISTERED OFFICE

Level 17, Menara UEM
Tower 1, Avenue 7
The Horizon, Bangsar South City
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel : +603 2725 6688
Fax : +603 2725 6888

AUDITORS

ERNST & YOUNG (AF: 0039)

Chartered Accountants
Level 23A Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur

SHARE REGISTRAR

BOARDROOM SHARE REGISTRARS SDN BHD (formerly known as Symphony Share Registrars Sdn Bhd)

Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Tel : +603 7849 0777 (Helpdesk)
Fax : +603 7841 8151/8152

PRINCIPAL BANKERS

Ambank Berhad
CIMB Bank Berhad
HSBC Amanah Malaysia Berhad
Malayan Banking Berhad
Public Bank Berhad
RHB Bank Berhad

PRINCIPAL SOLICITORS

Adnan Sundra & Low
Mohanadass Partnership
Messrs Rahman Rohaida
Wiyono Partnership

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

Stock Name/Code : EDGENTA/1368
Stock Sector : Industrial Products
& Services

BOARD OF DIRECTORS

as at 2 April 2019

NATIONALITY

100%

■ Malaysian

BOARD COMPOSITION

60% 40%

■ Independent Directors
■ Non-Independent Directors

GENDER DIVERSITY

60% 40%

■ Male
■ Female

ETHNICITY

6 2 2

■ Malay
■ Chinese
■ Others



From left to right (standing):

Rowina Ghazali Seth • Dato' Azmir Merican

From left to right (seated):

Robert Tan Bun Poo • Juniwati Rahmat Hussin • Dato' Noorazman Abd Aziz



From left to right (standing):

Amir Hamzah Azizan • Elakumari Kantilal • Dr. Saman @ Saimy Ismail • Dato' George Stewart LaBrooy • Emily Kok

BOARD OF DIRECTORS' PROFILE



AMIR HAMZAH AZIZAN

Chairman

Non-Independent Non-Executive Director

Appointed on 1 July 2016

Gender	Male
Age	52
Nationality	Malaysian

Amir Hamzah holds a Bachelor of Science Degree in Management (majoring in Finance and Economics) from Syracuse University, New York. He has also attended the Stanford Executive Programme at Stanford University, United States of America and the Corporate Finance Evening Programme at the London Business School, United Kingdom.

He was appointed to the Board on 1 July 2016 as Independent Non-Executive Director and was appointed as Deputy Chairman of the Board of UEM Edgenta on 13 July 2016. Subsequently, he was re-designated as Chairman of the Board on 29 August 2016 and as Non-Independent Non-Executive Chairman on 1 December 2017.

He has 29 years of industry and international experience and extensive knowledge of the oil and gas industry, and marine logistics sector. Apart from that, he has in-depth experience of leading stock-market listed companies, with a strong track record of creating shareholder value through integrating operations and accelerating earnings growth by expanding into new markets and increasing market share.

He started his career within the Shell Group of Companies for 10 years, serving in various capacities, including as Head of Financial Services and Manager, Planning & Support at Sarawak Shell Berhad, Corporate Finance Executive at Shell Malaysia Limited,

Marketing Credit Accountant at Shell Singapore Pte Ltd, Internal Auditor at Shell Eastern Petroleum Pte Ltd, and Senior Treasury Advisory at Shell International Ltd, London.

In the year 2000, he joined MISC Berhad as the Group's General Manager, Corporate Planning Services. Subsequently in 2004, he was the Regional Business Director (Europe, America, Africa and FSU) of MISC Berhad in London, United Kingdom before being appointed President/CEO, AET Tanker Holdings Sdn Bhd on 1 April 2005. He was promoted to become the President/CEO of MISC Berhad on 1 January 2009 and served until 14 June 2010. He was subsequently made the MD/CEO of Petronas Dagangan Berhad from 15 June 2010 until 31 August 2012, when he became the Group MD/CEO of Petronas Lubricants International. At the same time, he was also the Vice President Downstream Marketing from 1 March 2011 until 1 July 2013, when he became the Vice President Lubricants for Petroliam Nasional Berhad. In March 2016, he became Managing Director of Icon Offshore Berhad. On 1 December 2017, he joined Khazanah Nasional Berhad's unit Themed Attractions Resorts & Hotel Sdn Bhd as Group CEO.

He was appointed as President/CEO and Executive Director of Tenaga Nasional Berhad on 2 April 2019.

He attended all the seven Board meetings held during the financial year ended 31 December 2018.

DATO' AZMIR MERICAN

Managing Director/Chief Executive Officer



Dato' Azmir Merican holds a Bachelor's Degree in Business Administration (Finance) from Haworth College of Business, Western Michigan University, United States of America.

He was appointed to the Board on 4 December 2012 as Non-Independent Non-Executive Director and was re-designated as Executive Director on 1 February 2014. Subsequently, he was appointed as the Managing Director/Chief Executive Officer on 1 August 2014.

He started his career as an investment analyst and later worked as a manager in the financial advisory arm of PricewaterhouseCoopers. His corporate advisory experiences include dealings with corporations, multinational and institutions involved in construction and engineering, real estate development, plantations, manufacturing, oil and gas, venture capital, fund management and stockbroking.

While at CIMB Investment Bank Berhad, he was part of the team that established the bank's private equity business and was involved in various aspects of its operations including fund structuring and fund raising, investment evaluation and structuring, monitoring and execution of divestment plans.

He was the Group Chief Executive Officer/Managing Director of AWC Berhad where he led the successful restructuring and transformation of the company into a leading provider of engineering services and solutions and integrated facilities management in Malaysia, Singapore and the Middle East.

He joined UEM Group Berhad as the Group Chief Operating Officer, Business Units in October 2012 and brought along with him a wealth of cross functional experience from his background in financial advisory and as a business operator.

His current directorships in companies within the UEM Edgenta Group includes Edgenta PROPEL Berhad, Opus Group Berhad and subsidiaries operating in Singapore, Indonesia, India and the United Arab Emirates.

He attended all the seven Board meetings held during the financial year ended 31 December 2018.

Gender	Male
Age	48
Nationality	Malaysian

BOARD OF DIRECTORS' PROFILE

**DATO' NOORAZMAN ABD AZIZ**

Non-Independent Non-Executive Director

Appointed on 2 October 2018

Member of Nomination and Remuneration Committee

Dato' Noorazman Abd Aziz is a practising member of the Association of Chartered Islamic Finance Professionals (ACIFP). He holds a Bachelor of Science (Finance) Degree from Louisiana State University, USA.

He is currently the Chairman of the Board of UEM Group Berhad, the holding company of UEM Edgenta. He is also a Director of UEM Sunrise Berhad, PLUS Malaysia Berhad, Projek Lebuh raya Usahasama Berhad and PT Lintas Marga Sedaya in Indonesia.

He is also the Chairman of Yayasan UEM, the non-profit foundation that undertakes all of UEM Group's Corporate Social Responsibilities and philanthropic initiatives.

Dato' Noorazman has vast experience in international finance, banking and financial markets including treasury and capital markets.

Dato' Noorazman joined Khazanah Nasional Berhad as Executive Director, Investments in May 2010 after having spent 2½ years as Managing Director of Fajr Capital Ltd, a Khazanah investee company. Prior to this, he had exposures in international banking and finance through stints at Citigroup, Bank Islam Malaysia Berhad, Kuala Lumpur Stock Exchange and Labuan Offshore Financial Services Authority (LOFSA).

Dato' Noorazman is also a Board member of Riyadh-based Jadwa Investment Company.

There was one Board meeting held since his appointment for the financial year ended 31 December 2018, which he has attended.

Gender

Male

Age

63

Nationality

Malaysian

ROBERT TAN BUN POO

Independent Non-Executive Director
Appointed on 9 May 2013
Chairman of Audit and Risk Committee



Robert Tan graduated with a Bachelor of Commerce from University of Newcastle, Australia in 1973 and obtained his Chartered Accountancy from the Institute of Chartered Accountants, Australia in 1976. He is a member of the Malaysian Institute of Accountants, Malaysian Institute of Certified Public Accountants (MICPA), Malaysian Institute of Taxation and a Fellow of the Institute of Chartered Accountants in Australia.

Robert Tan is currently in accounting practice providing auditing, due diligence, liquidation, advisory and other related services. He was a Senior Partner with Deloitte and has more than 40 years of audit experience in serving both private and public companies, locally and internationally, in industries which included banking, insurance, construction and property development, manufacturing and engineering.

He was also involved in leading assignments related to outsourced internal audits and risk management services, initial public offerings, corporate restructuring, mergers and acquisitions, and financial due diligence.

He was a council member of MICPA and served as a member in the Accounting and Auditing Technical Committee, Financial Statements Review Committee and Investigation Committee of MICPA. He currently serves as a Board member of the Auditing & Assurance Standards Board, Malaysian Institute of Accountants.

Robert Tan also sits on the Board of QL Resources Berhad, RCE Capital Berhad, Amcorp Properties Berhad, AmMetLife Takaful Berhad and AmInvestment Bank Berhad.

He attended all the seven Board meetings held during the financial year ended 31 December 2018.

Gender	Male
Age	68
Nationality	Malaysian

BOARD OF DIRECTORS' PROFILE

**DR. SAMAN @ SAIMY ISMAIL**

Independent Non-Executive Director

Appointed on 9 May 2013

Member of Nomination and Remuneration Committee

Dr. Saimy holds a Masters of Public Health, University of California Berkeley, United States of America and Bachelor of Medicine and Surgery from University of Malaya.

Dr. Saimy had served with the Ministry of Health of Malaysia for more than 25 years. Between 1974 and 2001, he held various clinical and senior management positions in both health and hospital establishments around the country with the last position as the Director of Medical and Health Services Sabah. The main responsibilities involved planning and operations of services, including the construction of hospitals and clinics.

He held the position as the specialist in the Health Policy & Management Unit, Department of Social & Preventive Medicine, Faculty of Medicine, University of Malaya. He lectured and did research in areas of Human Resource in health, management of health services, quality assurance and disaster management.

He is also the Chairman of Edgenta Mediserve Sdn Bhd and Edgenta Healthtronics Sdn Bhd.

He attended six out of the seven Board meetings held during the financial year ended 31 December 2018.

Gender

Male

Age

72

Nationality

Malaysian

ELAKUMARI KANTILAL

Non-Independent Non-Executive Director
Appointed on 22 October 2001
Chairman of Board Tender Committee
Member of Audit and Risk Committee



Elakumari holds a Master of Science in Finance and Accounting from University of East Anglia, United Kingdom and a Bachelor of Accounting from Universiti Kebangsaan Malaysia. Besides her executive education in IMD Switzerland, she has also attended the Harvard's Premier Business Management Programme. She is a member of the Malaysian Institute of Accountants.

She started her career in the Government sector in 1981 and held various positions within the sector, namely in the Accountant General's Office, Ministry of Agriculture and Ministry of Finance ("MOF"). During her stint in MOF, she was involved in the monitoring and restructuring of companies, including debts of non performing companies held by MOF (Inc).

She was actively involved in the establishment of Khazanah Nasional Berhad ("Khazanah") whilst in the MOF. She was in Khazanah since its establishment in 1994, moving from the position of Senior Manager to Director in the Investment Division from 2004 until 2017. During her tenure in Khazanah, she undertook investments, divestments, corporate and strategy restructuring and reorganisation, monitoring and management for value creation of companies in the property, telecommunication, infrastructure and services sectors.

Elakumari also sits on the Board of TIME dotCom Berhad and Danajamin Nasional Berhad.

She attended all the seven Board meetings held during the financial year ended 31 December 2018.

Gender	Female
Age	62
Nationality	Malaysian

BOARD OF DIRECTORS' PROFILE



JUNIWATI RAHMAT HUSSIN

Independent Non-Executive Director

Appointed on 1 October 2017

Chairman of Nomination and Remuneration Committee

Juniwati holds a Bachelor of Science in Chemistry from University of Kent, Canterbury, United Kingdom. She had attended the INSEAD Senior Management Development Program in 2004 and Advanced Management Program in 2007. She also holds a Certificate in International Management from GE and attended the HENLEY Business School Advanced Management Program in United Kingdom.

Juniwati started her career in 1981 as a Chemist and had served 35 years in several positions at PETRONAS Group including Vice President & Venture Director of the Pengerang Integrated Complex, Vice President of Human Resource Management and Vice President of Education Division.

Throughout her career, she has gained a wide range of hands-on experience in Refinery Operations, Project Management, Corporate Planning, Human Resource and Marketing & Trading.

At PETRONAS, she sat on the Board as chairman or member of several subsidiaries, both Core and Non-Core Business. She was also an Exco member of the Johor Petroleum Development Corporation.

She is currently a Director of Tenaga Nasional Berhad. She is also a member of Advisory Council for Yayasan Peneraju Pendidikan Bumiputera.

She attended six out of the seven Board meetings held during the financial year ended 31 December 2018.

Gender

Female

Age

60

Nationality

Malaysian

DATO' GEORGE STEWART LABROOY

Independent Non-Executive Director
Appointed on 1 December 2017
Member of Board Tender Committee



Dato' Stewart is a Member of the Institute of Engineers, Malaysia. He holds a Bachelor of Engineering (Hons) and Post Graduate Diploma in Business Studies from the University of Sheffield in United Kingdom.

Dato' Stewart was the Chief Executive Officer and Executive Director of Axis REIT Managers Bhd until December 2015. Axis REIT was the first Shariah compliant listed Industrial REIT in the world and the first REIT to be listed on Bursa Malaysia in August 2005. During that time, he worked to establish REITs as an important component of the capital markets in Malaysia. He spearheaded the formation of the Malaysian REIT Managers Association where he served as its Chairman for 5 years and is currently serving as its Hon Secretary. He is also a Board Member of the Asia Pacific Real Estate Association (APREA).

He has over 43 years of experience in industrial design, manufacturing, operations management, property development, REIT and Funds management. He is a prominent speaker on the subject of real estate investment trusts and has presented numerous papers at conferences globally.

He currently serves as Executive Chairman of Area Management Sdn Bhd, the manager of the AREA Industrial Development Fund 1 which develops high grade industrial projects and estates in Malaysia.

He was also instrumental in the establishment of Alpha REIT, Malaysia's first unlisted Islamic REIT focused on Education assets, where he serves as Chairman of Alpha REIT Managers Sdn Bhd, the manager of Alpha REIT.

He attended all the seven Board meetings held during the financial year ended 31 December 2018.

Gender	Male
Age	68
Nationality	Malaysian

BOARD OF DIRECTORS' PROFILE



EMILY KOK

Independent Non-Executive Director
Appointed on 30 March 2018
Member of Audit and Risk Committee
Member of Board Tender Committee

Emily Kok holds a Master in Entrepreneurial Studies & Enterprise Innovation from Swinburne University of Technology, Australia and Bachelor of Science (Hons) in Mathematical and Information Sciences from La Trobe University, Australia.

Emily comes from a diverse background of venture capital, private equity, management and entrepreneurship. She has co-founded several businesses. Among these are Rentwise Sdn Bhd, Malaysia's only homegrown, privately held independent lessor specialising in operating leases of IT equipment to the corporate sector. She was CEO and Chairman, 2006 to 2011. Other businesses Emily has co-founded are in the IT, financial services and FMCG space.

Emily has more than 12 years in direct investment, a significant part of that with 3i Group plc as Vice President for the Asia Pacific region, 1998 to 2003, where she was part of the pioneering

team establishing 3i's investment presence in Asia. Her portfolio ranged from new technology to brick and mortar in both b2b and b2c verticals.

She was on the Board of eALCadvisors, an Asian regional company in digital lead generation for the financial services sector; Egraphon Technologies, a Singapore application development company designing interactive Front-End Sales processes for the financial and medical industries; and The Company of Extraordinary, a Singapore foodbased company with import/export activities and a café.

Currently, Emily is on the Board of Governors of ICAN College, a health sciences and business college in Kuala Lumpur.

There were five Board meetings held since her appointment for the financial year ended 31 December 2018, in which she has attended.

Gender	Female
Age	52
Nationality	Malaysian

ROWINA GHAZALI SETH

Independent Non-Executive Director
Appointed on 1 August 2018

Member of Nomination and Remuneration Committee

Rowina graduated with a Bachelor of Science Degree in Computer Science from Northern Illinois University, United States.

She began her career at SHELL in the Information Technology Division in 1985, then assumed various local and global positions in SHELL's upstream, downstream and business operations. She rose to senior positions, including as SHELL Malaysia's General Manager Corporate Affairs and Director of SHELL Business Services Sdn Bhd.

Her last position was Director, Government Affairs at SHELL Malaysia, building the function from inception and pioneering the lead role.

As a senior member of SHELL's management, she has more than 30 years experience in the Oil & Gas industry, in all aspects of strategic government relations, external and reputation management.

Rowina also sits on the Boards of Veleso Energy Berhad (formerly known as UMW Oil & Gas Corporation Berhad) and Hong Leong Islamic Bank Berhad.

There were two Board meetings held since her appointment for the financial year ended 31 December 2018, in which she has attended.



Gender	Female
Age	57
Nationality	Malaysian

Notes:

1. Family Relationship with Director and/or Major Shareholder

None of the Directors have any family relationship with any other Director and/or major shareholder of UEM Edgenta.

2. Conflict of Interest

None of the Directors have any conflict of interest with UEM Edgenta.

3. Conviction of Offences

None of the Directors have been convicted for offences within the past 5 years other than traffic offences, if any.

4. Public Sanction/Penalty

None of the Directors have any public sanction or penalty imposed on them by any regulatory bodies during the financial year ended 31 December 2018.

KEY SENIOR MANAGEMENT'S PROFILE



DATO' AZMIR MERICAN

Managing Director/Chief Executive Officer,
UEM Edgenta Berhad

Nationality	Age	Gender	Ethnicity	Date of Appointment
Malaysian	48	Male	Malay	1 August 2014

Please refer to his profile in the Board of Directors' Profile on page 43



GRAEME WALWYN

Chief Operating Officer,
UEM Edgenta Berhad

Nationality	Age	Gender	Ethnicity	Date of Appointment
British	51	Male	English	2 October 2017

Academic/Professional Qualifications

- Six Sigma Black Belt, Motorola University, Malaysia, 2008
- NVQ Level 5 in Operational Management, Oxford, Cambridge and RSA Examinations, United Kingdom, 1998
- B.A. Degree in Business Studies, Staffordshire University, United Kingdom, 1992
- H.N.C. Electrical/Electronic Engineering, Staffordshire University, United Kingdom, 1988

Present Directorship(s) in Listed Entity/Other Public Companies

Nil

Working Experiences:

- Since 2 October 2017: Chief Operating Officer, UEM Edgenta Berhad
- September 2010 – September 2017: Director, Global Manufacturing and Engineering Processes, Quicksilver Management Services Ltd., Kuala Lumpur, Malaysia
- April 2005 – September 2010: Global Director of Continuous Improvement and Engineering Technology, Ansell Ltd., Shah Alam, Malaysia
- October 2000 – April 2005: Asian Operations Manager, Linatex Ltd., Kuala Lumpur, Malaysia
- January 2000 – October 2000: European Operations Manager, Linatex Ltd., Hampshire, United Kingdom
- June 1997 – December 1999: Production Manager, Country Seat Ltd., Shropshire, United Kingdom
- March 1995 – June 1997: Production Cell Manager, Fairey Industrial Ceramics Ltd., Staffordshire, United Kingdom
- September 1984 – March 1995: Various Engineering & Manufacturing Roles, Michelin Tyres Plc., Staffordshire, United Kingdom



MUHAMMAD NOOR BIN ABD AZIZ @ HASHIM

Chief Financial Officer,
UEM Edgenta Berhad

Nationality	Age	Gender	Ethnicity	Date of Appointment
Malaysian	46	Male	Malay	21 August 2017

Academic/Professional Qualifications

- Bachelor of Finance and Accounting (Hons) – University of Salford, United Kingdom
- Chartered Management Accountant with the Chartered Institute of Management Accountant, United Kingdom

Present Directorship(s) in Listed Entity/Other Public Companies

Edgenta PROPEL Berhad
Opus Group Berhad
Pengurusan Lantias Berhad

Working Experiences:

- Since 21 August 2017: Chief Financial Officer, UEM Edgenta Berhad
- August 2015 – August 2017: Group Chief Financial Officer, POS Malaysia Berhad
- July 2013 – July 2015: Factory Operations Controller, Nestle Manufacturing (M) Sdn Bhd
- June 2012 – June 2013: Regional Business Unit Controller – Africa & Middle East, Wyeth Nutrition, Nestle Middle East FZE, Dubai, United Arab Emirates
- March 2009 – June 2012: Regional Cash and Corporate Finance Manager – Asia Pacific, Nestle Treasury Centre, Singapore
- November 2000 – February 2009: Management Accounting Manager, Nestle Products Sdn Bhd

**MOHD SHAHAZWAN MOHD HARRIS**

Chief Strategy & Transformation Officer,
UEM Edgenta Berhad

Nationality	Age	Gender	Ethnicity	Date of Appointment
Malaysian	47	Male	Malay	1 March 2019

Academic/Professional Qualifications

- Sloan Fellows Master of Business Administration in Leadership and Innovation, Massachusetts Institute of Technology, Cambridge MA, United States of America
- Master of Science in Advanced Mechanical Engineering, Imperial College of Science, Technology and Medicine, London, United Kingdom
- Bachelor of Engineering Degree in Mechanical Engineering, University of Warwick, Coventry, United Kingdom

Present Directorship(s) in Listed Entity/Other Public Companies	
UMW Holdings Berhad, Malaysia	

Working Experiences:

- March 2019 – present: Chief Strategy & Transformation Officer, UEM Edgenta Berhad, Malaysia
- July 2016 – February 2019: Senior Advisor, Bain & Company, Malaysia and South-East Asia
- March 2017 – September 2018: Corporate Advisor, Temasek International, Singapore
- January 2005 – April 2016: Last Position – Executive Director, Investments, Khazanah Nasional Berhad, Malaysia
- 2003 – 2005: Consultant and Energy Analyst, The Boston Consulting Group, South-East Asia
- 2000 – 2003: Consultant, PA Consulting Group, KL, Malaysia and Jakarta, Indonesia
- 1996 – 2000: Senior Executive, Tenaga Nasional Berhad, Malaysia

**AHMAD ZAMRI SAID**

Head, Healthcare Support (Concession),
Managing Director,
Edgenta Mediserve Sdn Bhd

Nationality	Age	Gender	Ethnicity	Date of Appointment
Malaysian	57	Male	Malay	1 October 2016

Academic/Professional Qualification

- Bachelor of Science in Electrical Science & System Engineering

Present Directorship(s) in Listed Entity/Other Public Companies	
	Nil

Working Experiences:

- Since 1 October 2016: Head of Healthcare Support (Concession) and Managing Director, Edgenta Mediserve Sdn Bhd
- October 2014 – September 2016: Chief Operating Officer, Edgenta Mediserve Sdn Bhd
- 2010 – 2011: Operations Director for Faber LLC - Electromechanical Services at Sheikh Khalifa Medical City, Abu Dhabi, United Arab Emirates
- 1997 – 2005: Held various positions in Faber Medi-Serve Sdn Bhd (now known as Edgenta Mediserve Sdn Bhd) and was promoted as Chief Operating Officer
- 1985 – 1996: Hospital Engineer in Ministry of Health, Malaysia

**LOW CHEE YEN**

Head, Healthcare Support (Commercial),
Chief Executive Officer,
UEMS Pte Ltd

Nationality	Age	Gender	Ethnicity	Date of Appointment
Malaysian	39	Female	Chinese	1 February 2019

Academic/Professional Qualifications

- Chartered Financial Analyst (CFA), 2007
- Bachelor of Economics (Economics and Finance), Distinction, RMIT University, Australia (2000)

Present Directorship(s) in Listed Entity/Other Public Companies	
	Nil

Working Experiences:

- February 2019: Head, Healthcare Support (Commercial), UEM Edgenta Berhad; CEO, UEMS Pte Ltd
- August 2018 – January 2019: CEO (Designate), UEMS Pte Ltd
- September 2014 – November 2018: Head of Corporate Development, Planning and Strategy, UEM Edgenta Berhad
- June 2013 – September 2014: General Manager, Group Chief Operating Officer's Office, UEM Group Berhad
- 2005 – 2013: Associate Director, Group Strategy and Strategic Investment (Private Equity), CIMB Group Holdings Berhad
- 2001 – 2005: Senior Associate, KPMG Advisory Services, Malaysia

KEY SENIOR MANAGEMENT'S PROFILE

**ALASTAIR MCCrackEN**

Head, Property & Facility Solutions,
UEM Edgenta Berhad

Nationality	Age	Gender	Ethnicity	Date of Appointment
Australian	58	Male	Others	1 January 2017

Academic/Professional Qualifications

- 25 years in International Hotel, Resort and Residential Management and 15 years as Chief Executive Officer (CEO) in International Property Services companies serving 12 countries
- Member of Community Association Institute

Present Directorship(s) in Listed Entity/Other Public Companies

Nil

Working Experiences:

- Since 1 January 2017: Head, Property & Facility Solutions, UEM Edgenta Berhad
- January 2016: Head, Township Management Services, UEM Edgenta Berhad
- 2015 – 2016: CEO, Operon Middle East LLC
- 2008 – 2015: CEO, PRDnationwide Property Services LLC, Dubai and CEO, Novus Community Management, Dubai
- 1998 – 2008: Director, Interpacific Resorts Pty Ltd

**CHIN CHI HAW**

Head, Infrastructure Services,
Executive Director,
Edgenta PROPEL Berhad

Nationality	Age	Gender	Ethnicity	Date of Appointment
Malaysian	60	Male	Chinese	3 January 2017

Academic/Professional Qualifications

- Master of Science (Engineering), University of Melbourne in 1984
- Bachelor of Engineering, University of Melbourne in 1980

Present Directorship(s) in Listed Entity/Other Public Companies

Edgenta PROPEL Berhad

Working Experiences:

- Since January 2017: Head of Infrastructure Services and Executive Director, Edgenta PROPEL Berhad
- 1988 – 2016: Various positions in Opus International (M) Berhad and involved in key iconic projects i.e. North-South Expressway, Kuala Lumpur International Airport and National Sports Complex. Promoted as Group General Manager in 2003 overseeing Group Business Development, Asset Management and Engineering Division
- 1983 – 1988: Foundation/Civil/Geotechnical Engineer, Tahir Wong Sdn Bhd
- 1978-1979: Graduate Engineer, Kinhill Rofe Pty Ltd (Australia)

**IR. DR. TONY CHAN**

Chief Operating Officer,
Opus International (M) Berhad

Nationality	Age	Gender	Ethnicity	Date of Appointment
Malaysian	44	Male	Chinese	2 May 2018

Academic/Professional Qualifications

- Doctor of Philosophy (PhD) in Water & Environmental Engineering, Loughborough University, United Kingdom
- Bachelor of Engineering (First Class Honours), Civil Engineering, Loughborough University, United Kingdom
- Practising Professional Engineer (Ir.) registered with Board of Engineers Malaysia (BEM)
- Corporate Member of Institution of Engineers Malaysia (M.I.E.M)
- Chartered Member of Institution of Civil Engineers, United Kingdom (CEng)
- Member of Institution of Civil Engineers (MICE) UK, and ICE Representative of Malaysia
- Certified Asia Leaders Programme in Infrastructure Excellence (ALPINE), SMU, Singapore
- Qualified United Nations Dialogue Facilitator
- Certified Person for Project Risks & Construction Safety under Construction Skills Certification Scheme (CSCS), United Kingdom

Present Directorship(s) in Listed Entity/Other Public Companies

Opus International (M) Berhad
Pengurusan Lintas Berhad

Working Experiences:

- 2015 – 2018: Group General Manager, Engineering & Technical, MMC Corporation Berhad
- 2013 – 2015: Country Head & Business Strategy, Atkins, Singapore
- 2012 – 2013: Regional Head of Water Sector, Atkins, South East Asia
- 2010 – 2012: Regional Business Manager, Water Infrastructure, Mott MacDonald, SE Asia
- 2007 – 2010: Technical Specialist, Millennium Development Goal Programme - Egypt, World Bank and KfW
- 2007: International Development Consultant, Mott MacDonald Group, United Kingdom
- 2003 – 2006: Flood Risk Management Consultant, Atkins Ltd, United Kingdom
- 2000 – 2003: Urban & Infrastructure Consultant, SSP Consulting, Malaysia
- 1998 – 2000: Assistant Professor, Loughborough University, United Kingdom

**MOHD RAZIF MOHD YUSOFF**

Head, Operational Excellence and Health, Safety, Security & Environment (HSSE), UEM Edgenta Berhad

Nationality	Age	Gender	Ethnicity	Date of Appointment
Malaysian	52	Male	Malay	16 October 2017

Academic/Professional Qualification

- Bachelor of Engineering (Mechanical Engineering), Wollongong University Australia, 1991

Present Directorship(s) in Listed Entity/Other Public Companies	
	Nil

Working Experiences:

- Since 16 October 2017: Head, Operational Excellence & HSSE, UEM Edgenta Berhad
- March 2013 – August 2017: Global Safety Manager, Shell Global Solution International BV, Netherlands
- July 2012 – December 2012: General Manager, Shell Pakistan Limited, Karachi
- September 2017 – July 2012: Manager Health, Safety, Security and Environment – East Region, Shell
- September 1991 – July 2012: Various roles in Shell in commercial, engineering project, engineering maintenance, Learning Manager and HSSE

**SHARIMAN YUSUF MOHAMED ZAIN**

Head, Client Solutions, UEM Edgenta Berhad

Nationality	Age	Gender	Ethnicity	Date of Appointment
Malaysian	43	Male	Malay	2 January 2019

Academic/Professional Qualification

- Bachelor of Economics (Accounting & Finance) (Hons), London School of Economics & Political Science (LSE), United Kingdom

Present Directorship(s) in Listed Entity/Other Public Companies	
	Nil

Working Experiences:

- 2011 – 2017: Country Division Lead/Chief Executive Officer of the Mobility division, Siemens Malaysia
- 2007 – 2011: Various senior leadership positions in Siemens Malaysia including Head of Strategies and Business Development, Head of Airport Logistics, Deputy Head of Mobility and also short posting to HQ in Germany in 2010
- 2006 – 2007: Vice President, CEO's Office, Powertek Berhad
- 2002 – 2006: Director of Market Development, General Electric International Inc
- 2001 – 2002: Head of Strategic Marketing, Siemens Malaysia Sdn Bhd
- 1999 – 2001: Senior Management Consultant with Deloitte Consulting's Asia Pacific Manufacturing Sector
- 1996 – 1999: Business Services Executive in the Retail Business Unit, Shell Malaysia Trading Sdn Bhd, Malaysia

**CHAN KHENG CHUAN**

Head, Risk Management & Compliance, UEM Edgenta Berhad

Nationality	Age	Gender	Ethnicity	Date of Appointment
Malaysian	39	Male	Chinese	2 March 2015

Academic/Professional Qualifications

- Bachelor of Business (Accounting and IT), University of Technology Sydney, Australia
- Chartered Accountant (C.A. (M)) with the Malaysian Institute of Accountants (MIA)
- Certified Practising Accountant (CPA) with CPA Australia
- Certified Business Continuity Professional (CBCP) with DRI International, USA
- Certificate in Risk Management with Governance Institute of Australia
- Associate member (Institute of Internal Auditors Malaysia)

Present Directorship(s) in Listed Entity/Other Public Companies	
	Nil

Working Experiences:

- 2013 – 2015: Senior Manager, Group Risk Management, Kumpulan Perangsang Selangor Berhad
- 2011 – 2013: Manager, Group Risk Management, Axiata Group Berhad
- 2006 – 2011: Assistant Manager, Deloitte Enterprise Risk Services Malaysia

**CHIEW SIEW YUEN**

Head, Secretarial, UEM Edgenta Berhad

Nationality	Age	Gender	Ethnicity	Date of Appointment
Malaysian	39	Female	Chinese	23 July 2014

Academic/Professional Qualification

- Associate member of the Malaysian Institute of Chartered Secretaries and Administrators

Present Directorship(s) in Listed Entity/Other Public Companies	
	Nil

Working Experiences:

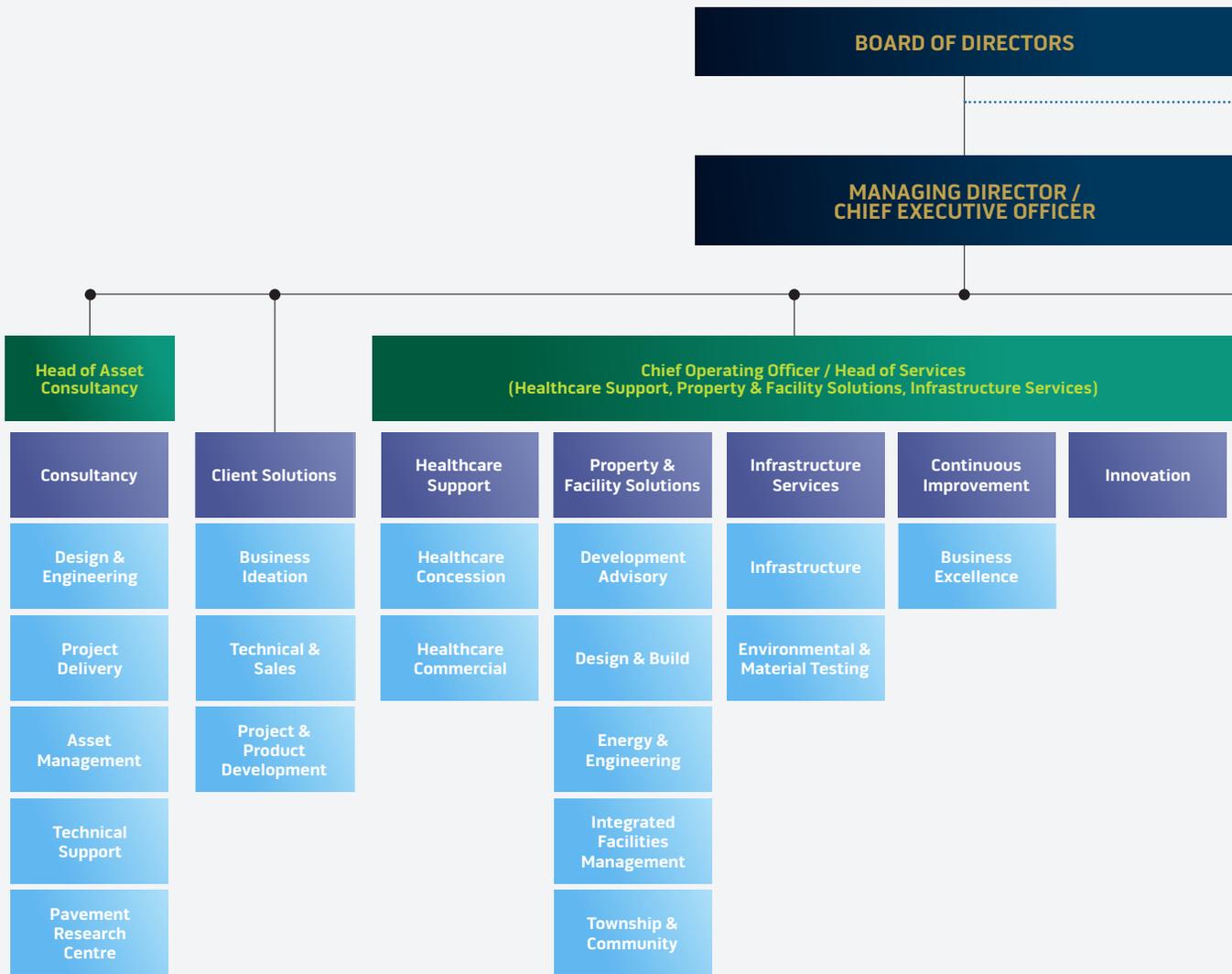
- 2006 – June 2014: Assistant Vice President, Group Company Secretarial, CIMB Investment Bank Berhad

DECLARATION

- Family Relationship with Director and/or Major Shareholder**
None of the Key Senior Management has any family relationship with any Director and/or major shareholder of UEM Edgenta Berhad
- Conflict of Interest**
None of the Key Senior Management has any conflict of interest with UEM Edgenta Berhad
- Conviction of Offences**
None of the Key Senior Management has been convicted for offences within the past five years other than traffic offences, if any
- Public Sanction/Penalty**
None of the Key Senior Management has any public sanction or penalty imposed on them by any regulatory bodies during the financial year ended 31 December 2018

ORGANISATION STRUCTURE

as at 2 April 2019

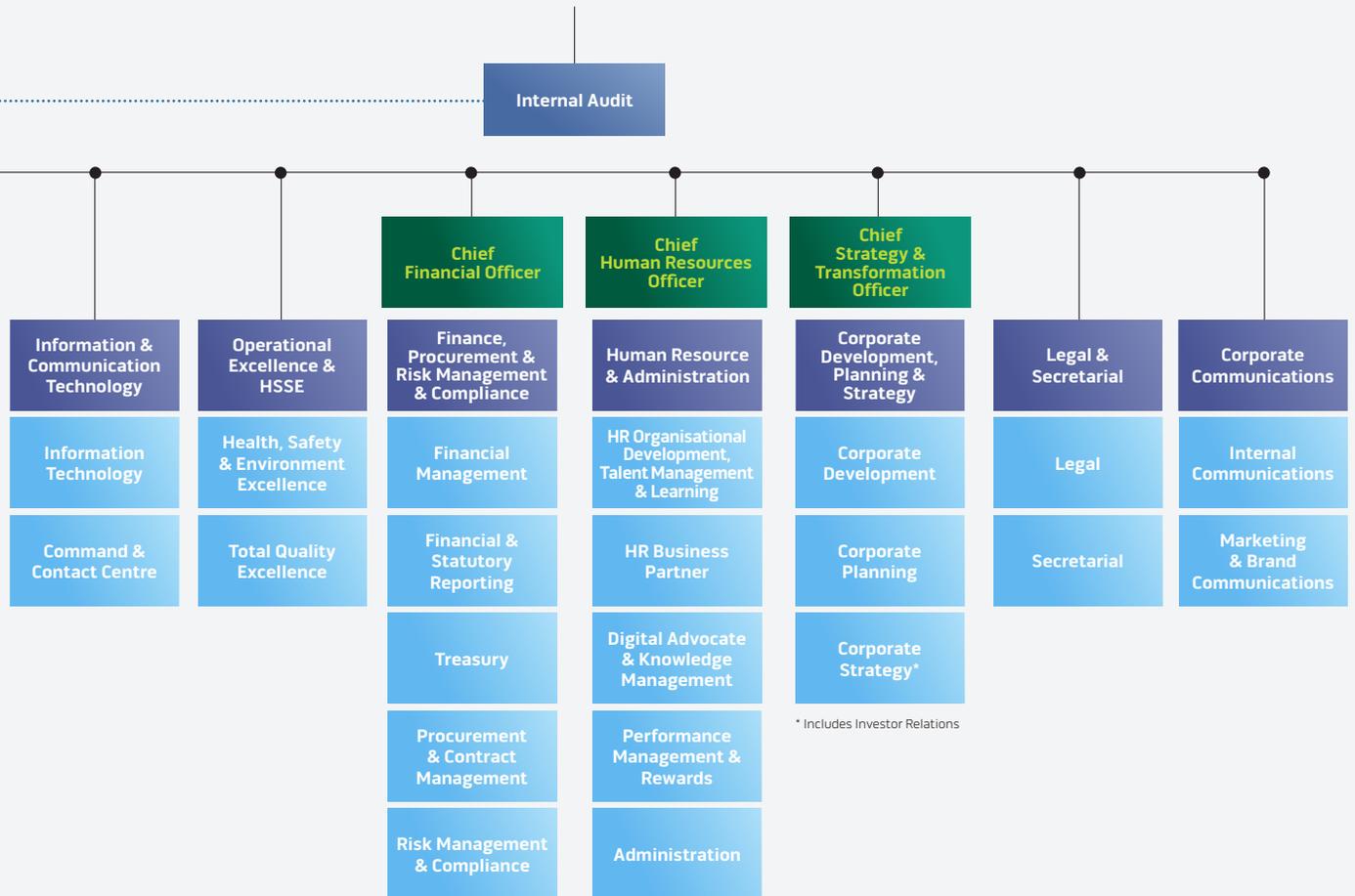


← LINE OF BUSINESS →

<p>NUMBER OF EMPLOYEES 18,572</p> <p>TOTAL STAFF BY EMPLOYMENT STATUS</p> <p>11,329 Permanent</p> <p>7,243 Non-Permanent</p>	<p>BY CATEGORY</p> <p>Management 691</p> <p>Executive 1,745</p> <p>Non-Executive 16,136</p>	<p>GENDER DIVERSITY</p> <p>54% Male</p> <p>46% Female</p>	<p>AGE DIVERSITY</p> <p>28% <30</p> <p>44% 30-50</p> <p>28% >50</p>	<p>FEMALE WORKFORCE</p> <p>29% of Top Management are women</p> <p>26% of Management are women</p>	<p>REVENUE PER EMPLOYEE COST</p> <p>2.90 times</p> <p>VALUE ADDED & DISTRIBUTION PER EMPLOYEE</p> <p>1.36 times</p> <p><small>Only for continuing operations</small></p>
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Board Committee

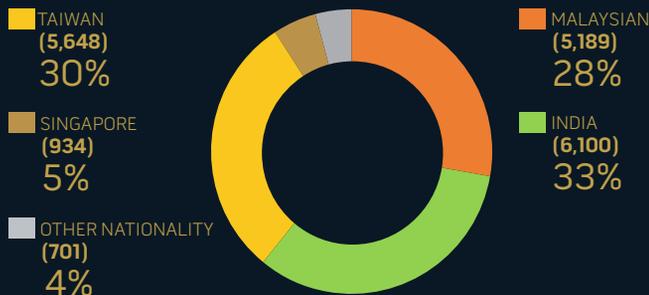
- **Nomination and Remuneration Committee**
- **Board Tender Committee**
- **Audit and Risk Committee**



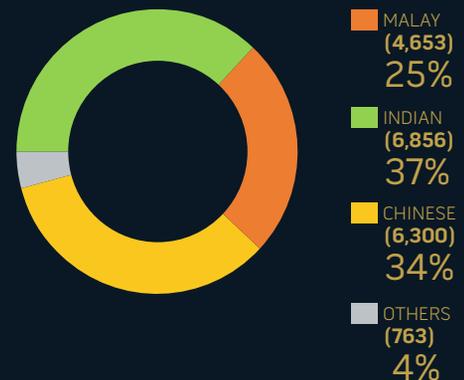
..... BUSINESS SUPPORT

..... CORPORATE SUPPORT

NATIONAL DIVERSITY



EMPLOYEE BREAKDOWN BY ETHNICITY



MILESTONES



2014

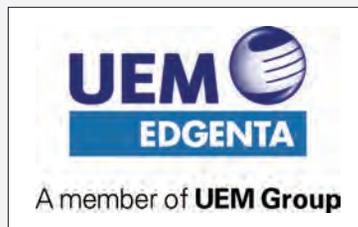
29 October

Completion of RM1.15 billion acquisition of 100% equity stake in Projek Penyelenggaraan Lebuhraya Bhd (PROPEL) and Opus Group Bhd (OGB).

2015

11 March

Edgenta Mediserve Sdn Bhd ("Edgenta Mediserve") signed a 10-year Hospital Support Services Concession Agreement with the Government of Malaysia.



9 April

Name changed and officially rebranded to UEM Edgenta Berhad.

26 August

Joint Venture with Resource Data Management Asia Sdn Bhd and formation of Edgenta Services Sdn Bhd to offer integrated energy management solutions and remote monitoring services.

7 September

Transformed and rebranded Soil Centralab Sdn Bhd to Edgenta Environmental & Material Testing Sdn Bhd as a key business unit to offer Environmental & Material Testing Services.

9 December

Edgenta Township Management Services Sdn Bhd joint venture with UEM Sunrise Berhad and formed UEM Sunrise Edgenta TMS Sdn Bhd ("UEMSET") to provide property and township management services in Malaysia.

2016

27 January

Edgenta Mediserve joint venture with Biocare Systems Sdn Bhd and formed Biomedix Solutions Sdn Bhd to jointly provide Biomedical Engineering Maintenance Services to all Government hospitals in Sarawak.

12 February

Formation of Edgenta TMS Sdn Bhd, a joint venture company between UEMSET and Township Management Services Sdn Bhd, a wholly-owned subsidiary of Medini Iskandar (M) Sdn Bhd to undertake township management of Medini and Iskandar Puteri in Iskandar Malaysia, Johor.

6 April

Completed an 80% equity stake acquisition in KFM Holdings Sdn Bhd.

23 August

Successful establishment of PT Edgenta PROPEL Indonesia.

29 August

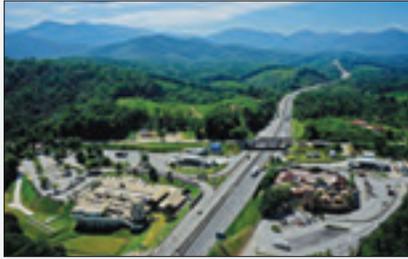
Operationalisation of the Command and Contact Centre (CnC).

20 October

Incorporation of Edgenta Energy Projects Sdn Bhd to offer energy management services and renewable energy services through capital investments.

15 December

Grew our commercial healthcare business via the completion of 100% equity stake acquisition in Asia Integrated Facility Solutions Pte Ltd, which owns UEMS Pte Ltd.



2017

16 January

Appointed to support Borneo Highway PDP Sdn Bhd, the Project Delivery Partner for Pan Borneo Highway Sabah.

4 July

Project win for the provision of Hospital Support Services to National Cancer Institute, Malaysia.

31 July

Established Performance-Based Contracting ("PBC") framework for network management and maintenance of North-South Expressway, and execution of a Heads of Terms with PLUS Malaysia Berhad ("PLUS").

4 December

Completed disposal of 61.2% equity stake in Opus International Consultants Ltd ("OIC") which marks UEM Edgenta's exit from the water sector and consultancy business in five (5) countries.

12 December

Project win for the provision of Integrated Facilities Management for six (6) CIMB buildings.



2018

26 April

Embarked on the Trending, Innovation, Disruption, Entrepreneurship ("TIDE") programme developed by Khazanah resulting in set up of the Innovation Garage programme to harness innovation in delivering solutions for existing problems, as well as create new value for the Company.

8 May

Revision of dividend policy to pay out at least 50%, and up to 80% of Profit After Tax And Non-Controlling Interests ("PATANCI").

30 July

Signing of first PBC agreement for pavement works with PLUS.

28 November

Won inaugural Clinic Support Services ("CSS") contract for nine (9) state clinics in Penang.

December

Secured a string of major project wins for Property & Facility Solutions from PROTON, Hospital Universiti Sains Malaysia and wasl Asset Management Group.

MEDIA HIGHLIGHTS



UEM EDGENTA CONFIDENT OF PAYING HIGHER DIVIDENDS

— PAGE 83



UEM Edgenta chief executive officer (second from left) with managing director and chief executive officer (left) and chief financial officer (right) at the company's annual general meeting in Kuala Lumpur yesterday.

SOUND EARNINGS VISIBILITY

'UEM Edgenta can give out higher dividends'

KUALA LUMPUR: UEM Edgenta Ltd, which has RM30.9 billion in assets, is confident of paying higher dividends to shareholders, said managing director and chief executive officer Othman Aznan Marican.

"We were able to declare a bumper dividend of 21 sen per share, which is our highest payout to date, and a yield of 1.4 per cent based on the share price of RM15.26."

"The clarity, the order, the focus, the transparency, the sound earnings visibility, backed by long-term contracts in the road network and infrastructure sectors," said Aznan.

UEM Edgenta peringkat usaha kembang bisnes di Malaysia, Singapura dan Taiwan

Nilai kontrak kukuh RM13.5 bilion

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"The clarity, the order, the focus, the transparency, the sound earnings visibility, backed by long-term contracts in the road network and infrastructure sectors," said Aznan.

Road to efficiency

PLUS accepts UEM Edgenta's proposals on cost-saving

KUALA LUMPUR: The Malaysian Road Transport Holdings (MTH) has accepted UEM Edgenta's proposals on the long-term maintenance of its highways under the partnership model, announced yesterday.



UEM Edgenta chief executive officer (left) with managing director and chief executive officer (right) at the company's annual general meeting in Kuala Lumpur yesterday.

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Proton lantik UEM Edgenta

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Analyst sees UEM Edgenta stable rapport with MoH

RECOMMENDATION: Buy

UEM EDGENTA BHD				
PERIOD	2017	2018	2019	2020
REVENUE (RM mil)	2,020	2,176	2,229	2,287
NET PROFIT (RM mil)	113	147	159	163
EPS (RM)	0.54	0.63	0.68	0.70
P/E	16.5	16.4	16.2	16.5

Having seen intimately the operational status of Edgenta and MTH in the day-to-day operations, we are more positive on the stability of the partnership.

Analyst sees UEM Edgenta stable rapport with MoH. The analyst noted that the partnership between UEM Edgenta and the Malaysian Road Transport Holdings (MTH) is a key factor in the company's success. The analyst also noted that the partnership is a key factor in the company's success.



UEM Edgents seen benefiting from Malaysia's growing IFM market

Malaysia's growing infrastructure market is expected to benefit UEM Edgents, a leading player in the sector. The company's focus on infrastructure development is seen as a key driver for its growth.

BERNAMA Pastikan B

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TENTANG BERNAMA AM POLITIK EKONOMI SUKSES BERKUALITI

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EKONOMI • BERITA

UEM Edgents Umum Dividen Khas Sebanyak 18 Sen

Tarikh taras: 2016/02/18

KUALA LUMPUR, 20 Feb (Bernama) – Presidennya pengumuman bersepadu, UEM Edgents Bhd mengumumkan dividen khas sebanyak 18 sen bagi tahun kewangan berakhir 31 Dis 2017, bersempadan dengan dividen interim kedua sebanyak 5 sen, meningkatkan jumlah dividen bagi tahun itu kepada 23 sen.

Dividen tersebut, tertinggi dalam tempoh lebih sedekad, merupakan peningkatan yang besar berbanding dividen pada tahun sebelumnya sebanyak 14 sen.

Dalam laporan kewangan interim terakhir kepada Bursa Malaysia, UEM Edgents berkata keuntungan sebelum cukai tahun berakhir 31 Dis 2017, meningkat kepada RM172.82 juta pada tahun kewangan 2017.

Selain itu, perolehan sebelum cukai UEM Edgents pada tahun berakhir 31 Dis 2017, meningkat kepada RM12.12 bilion berbanding RM11.57 bilion sebelum ini.

Bagi suku keempat, keuntungan sebelum cukai UEM Edgents naik kepada RM75.42 juta manakala perolehan meningkat kepada RM472.31 juta berbanding RM512.9 juta sebelum ini.

Prestasi keuntungan kumulatif itu yang rendah pada tahun kewangan 2017 disebabkan beberapa faktor, termasuk peningkatan RM25.6 juta dalam perolehan feidat yang ditanggung bagi kemudahan Murabahah berjangka dan cukai.

Selain itu, beban penunjang memuncak mencatatkan keuntungan sebelum cukai yang rendah bagi suku tahun dan tahun berakhir (masing-masing sebanyak RM3.3 juta dan RM15.3 juta) turut menyumbang kepada harga harga yang memuncak penunjang luar.

Manajer prospeknya, analis kuantitatif UEM Group Bhd itu berkata ia akan terus memuncak kepada insentif kecermatan operasi untuk memacu margin dan keuntungan yang lebih baik.

Di samping itu, ia mengajika akan terus melaksanakan strategi bersepadu pengambilalihan dan mengurangkan pemudat cara bersepadu teknologi kepada pelanggan.

"Bersempadan dengan urutan ekonomi yang baik bagi Malaysia, Lembaga Pengarah yakin untuk mencapai prestasi kewangan yang positif pada 2018," katanya.

Kosmo! Online

Nilai kontrak kukuh RM15.5 bilion

UEM Edgents pertahankan nilai kontrak kukuh RM15.5 bilion, mengesahkan prestasi yang kukuh dalam sektor infrastruktur.

KUALA LUMPUR – UEM Edgents Bhd, UEM Edgents Group Holdings Berhad, mengumumkan bahawa nilai kontrak kukuh pada tahun berakhir 2017 akan bersempadan dengan RM15.5 bilion, manakala nilai kontrak kukuh pada tahun berakhir 2016 adalah RM15.5 bilion.

Pengumuman ini dibuat dalam laporan tahunan UEM Edgents Bhd, yang diterbitkan pada 18 Februari 2018.

UEM Edgents berkata, prestasi kontrak kukuh yang kukuh ini menunjukkan keyakinan pelanggan terhadap kemampuan UEM Edgents dalam melaksanakan projek infrastruktur.

UEM Edgents juga mengumumkan bahawa ia akan menerima dividen khas sebanyak 18 sen bagi tahun kewangan berakhir 31 Dis 2017, bersempadan dengan dividen interim kedua sebanyak 5 sen, meningkatkan jumlah dividen bagi tahun itu kepada 23 sen.

MARKET UPDATE

UEM Edgents Bhd's share price jumped 21 sen or 8.97% this morning, after its net profit jumped 10 fold for the fourth quarter ended Dec 31, 2017.

the Sunday

Thought provoking • Inspiring • Giving • Engage with Singapore's best

UEM Edgents shares jump 8.97% on higher Q4 earnings

Published on 21 February 2018

PETALING JAYA: UEM Edgents Bhd's share price jumped 21 sen or 8.97% this morning, after its net profit jumped 10 fold for the fourth quarter ended Dec 31, 2017.

At 11.58m, the stock, which was among the top gainers, stood at RM42.55 with 1.57 million shares changing hands. It has a market capitalisation of RM42.19 billion.

The group made a net profit of RM224.8 million for the fourth quarter, compared with RM15.6 million previously, on RM271.6 million gain from the disposal of its 61.2% stake in Citrus International Consultants Limited (CIC) in early December.

It has announced a special dividend of 18 sen and an interim dividend of five sen for the quarter, bringing total dividend payment for the year to 23 sen.

UEN Edgents' balance sheet strengthened on CIC disposal

UEN Edgents' balance sheet strengthened on CIC disposal

The disposal of CIC has strengthened UEM Edgents' balance sheet and improved its financial position.

MARC AFFIRMS UEM EDGENTS' STABLE OUTLOOK

MARC AFFIRMS UEM EDGENTS' STABLE OUTLOOK

The strong operating performance and robust financial position of UEM Edgents Group Holdings Berhad (UEM Edgents) has led to a strong outlook for the company.

AWARDS AND RECOGNITION

UEM EDGENTA PRIDES ITSELF ON PROVIDING HIGH-QUALITY DELIVERABLES AND SERVICES TO BOTH CLIENTS AND INDUSTRIES AT LARGE. BEING THE LEADING ASSET MANAGEMENT AND INFRASTRUCTURE SOLUTIONS COMPANY, OUR COMMITMENT TO QUALITY AND EXCELLENCE IS REFLECTED WITH THE AWARDS AND RECOGNITION RECEIVED.



IEM AWARD 2018

Contribution to the Engineering Industry in Malaysia
- Facilities Management of the year 2018

Awarded by –
The Institutions of Engineers, Malaysia (IEM) Council

21 APRIL 2018

THE BRANDLAUREATE BESTBRANDS AWARDS 2018

Brand Influencer of the Year Award 2017 – 2018
- Integrated Asset Solutions

Awarded by –
The BrandLaureate

3 MAY 2018

ENHANCED CLEAN MARK ACCREDITATION SCHEME (GOLD) AWARD

4th consecutive year for delivering high standards and delivery of its cleaning services

Awarded by –
National Environment Agency Singapore

16 MAY 2018

THE FROST & SULLIVAN MALAYSIA EXCELLENCE AWARDS

Facilities Management Company of the Year Award 2018

Awarded by –
Frost & Sullivan Malaysia

26 JUNE 2018

MARIM: SECOND RUNNER-UP RISK MANAGEMENT TEAM OF THE YEAR 2018

Awarded by –
Malaysian Association of Risk and Insurance Management (MARIM)

18 JULY 2018



NATIONAL ENERGY AWARDS 2018

Winner Category 1
- Energy Efficiency
(Retrofitted Building)

Awarded by –
Ministry of Energy,
Science, Technology,
Environment & Climate
Change of Malaysia

19 OCTOBER 2018

NATIONAL ENERGY AWARDS 2018

Winner Special Category
- Ministry & Government
Complex

Awarded by –
Ministry of Energy,
Science, Technology,
Environment & Climate
Change of Malaysia

19 OCTOBER 2018

ASEAN ENERGY AWARDS 2018

First Runner-up
Energy Efficiency &
Conservation, Energy
Efficiency Building,
Sub-category: Retrofitted
Building Award

Awarded by –
ASEAN Centre for Energy

29 OCTOBER 2018

**NACRA AWARDS 2018
MERIT CERTIFICATE FOR
UEM EDGENTA AR2017**

Merit Certificate for
UEM Edgenta Annual
Report 2017

Awarded by –
National Annual
Corporate Reports Award
(NACRA)

6 DECEMBER 2018

CHAIRMAN'S STATEMENT



AMIR HAMZAH AZIZAN
Chairman

Dear Shareholders,
WE CONTINUED TO BUILD ON THE MOMENTUM CARRIED FORWARD FROM 2017 WHERE WE HAD EMBARKED ON INNOVATIVE INITIATIVES TO ENHANCE OUR CAPABILITIES AND STRENGTHEN OUR BUSINESS RELATIONSHIPS. AS SUCH, WE MANAGED TO RECORD COMMENDABLE RESULTS FOR THE YEAR UNDER REVIEW - BREAKING BOUNDARIES AND DELIVERING RESULTS TOGETHER.

ECONOMIC ENVIRONMENT

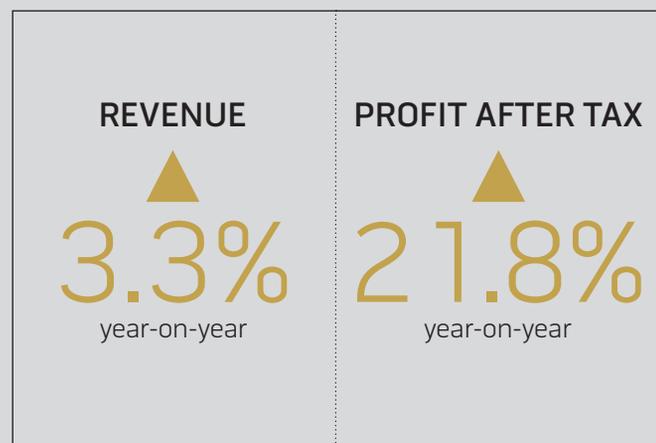
On the macroeconomic level, 2018 was an eventful year for Malaysia due to the uncertainties associated with the 14th General Elections, compounded further by indirect economic impact associated with fluctuating crude oil prices, the US interest hikes, the US-China trade war and the continuing Brexit saga in Europe. As a result, the Malaysian economy registered a drop in its GDP by 0.9% from the previous year.

UEM Edgenta's approach, however, was one with optimism as we believe we have the right strategies in place to overcome such challenges. We continued to improve on our core sectors and the six (6) strategic focus areas of Operational Excellence; Organisational Excellence; Health, Safety, Security and Environment ("HSSE"); Client Solutions; Technology; and Communications and Stakeholder Management.

As a result of this, UEM Edgenta performed exceptionally well in the year under review, meeting our expectations for the year with net profit increasing by 21.8% on a year-on-year to RM152.4 million in FY2018.

STRATEGIC APPROACH

Our strategic business model is heavily reliant on operational efficiency and calls for innovative solutions to sustain our growth. We look for ways to integrate technology into our operations and innovate the way we work to ensure continuous improvement in the six (6) strategic focus areas.



Our strategic business model is heavily reliant on operational efficiency and calls for innovative solutions to sustain our growth. We look for ways to integrate technology into our operations and innovate the way we work to ensure continuous improvement in the six (6) strategic focus areas.

As part of UEM Edgenta's ongoing transformation strategy, numerous initiatives were introduced in FY2018. We embraced Khazanah's Trending, Innovation, Disruption, Entrepreneurship ("TIDE") programme by setting up our own effort called Innovation Garage, which provided the thrust for our employees to identify new solutions to spur operational excellence and improve safety for our employees. Several initiatives which stemmed from the Innovation Garage have already been operationalised and produced results, with others in the pipeline for FY2019.

During the year under review, approximately RM12 million was invested in Research & Development, Technology and Innovation. Noteworthy introductions include the commencement of the Pavement Research Centre ("PRC") to develop new and better products for road pavements, while the introduction of the MULAG Grass Cutter for grass cutting in our highway maintenance operations will positively impact operational efficiency and the safety of our people at the frontline.

As part of the development and adoption of technology solutions to simplify and automate processes throughout our operations, we have also rolled out the Road Asset Management Systems ("RAMS") for our personnel in the Infrastructure Services division. RAMS allows for crucial decision making and prioritising stretches of the highways or roads which require repairs and maintenance; in a nutshell, doing the right maintenance works at the right locations. The technology is also used to create budgets and maximise economic returns of the investments made for the highway and road network.

Improving our business is not limited to just our operations but also extends to the development of our workforce. We intend to create a vibrant and open HR ecosystem by continuously building the right capabilities, mindset and culture to support organisational objectives. In FY2018, we invested RM6.7 million in the training and development of our people, for the enhancement of their functional, technical and leadership competencies.

The abovementioned initiatives were established to streamline our operations and create innovative and smart solutions for our customers. Additionally, they provide a boost to our credentials and a demonstration of our capabilities in our quest to grow the Company.

STAKEHOLDER ENGAGEMENT

In the course of our business, we deal with various stakeholders which include our vast network of supply chain partners, regulatory authorities and Government agencies and members of the media. Engaging with them at the highest level is important as the need to understand their expectations is a critical component of our growth strategy. Our approach also creates a good working mechanism, enabling us to improve the overall stakeholders' environment by design.

SOLID RETURNS TO SHAREHOLDERS

Basic EPS

17.8_{sen}

FY2018 Dividend

14_{sen}
representing 79% payout ratio

Total Shareholder Returns

24.1%
(2 January 2018 – 31 December 2018)

Dividend yield

5.1%*

Revised dividend policy
payout ratio

50% - 80%
of PATANCI

* Based on share price of RM2.72 as at 31 December 2018

CHAIRMAN'S STATEMENT

A good example is in the area of safety, which we have identified as one of our key priorities. In addition to the development of a HSSE Master Plan covering aspects of culture, people and processes, we encouraged felt leadership by conducting engagement sessions internally with our employees, and externally with our clients and supply chain partners, to identify issues and areas that impact on the safety of our operations and the communities we operate in. The visibility of our senior management personnel on the ground to champion safety has allowed us to register better safety performance results and further our efforts towards a "Goal Zero" fatality organisation.

We will continue to encourage open and transparent communications with our internal and external stakeholders through multiple avenues as it remains our purpose to listen to them and act on their feedback towards continuous improvement.

RECOGNITION

In our aim to continue as a leading player in this sector, we have been duly acknowledged for our business approach through several awards we received in 2018.

We won first runner-up for Energy Efficiency & Conservation, Energy Efficiency Building (Sub-category: Retrofitted Building) at the ASEAN Energy Awards 2018 and were the winner of two National Energy Awards 2018 ("NEA 2018") for our innovative solutions in retrofitting Perdana Putra (Prime Minister's office, Putrajaya) into a high-performance green building. Additionally, we were also adjudged as Winner, Special Category – Ministry & Government Complex for recording the lowest energy usage among the Government's complexes and buildings by the Ministry of Energy, Science, Technology, Environment & Climate Change of Malaysia.



We won two National Energy Awards 2018 for our innovative solutions in retrofitting Perdana Putra (Prime Minister's Office, Putrajaya) into a high-performance green building

Other awards received in 2018 include:

- The Frost & Sullivan Malaysia Facilities Management Company of the Year for UEM Edgenta's focus and initiatives on outlining strategies on growth, technologies and innovation in achieving above-industry growth and commendable capacity enhancement in 2017.
- Enhanced Clean Mark Accreditation Scheme (Gold) Award received by UEMS Solutions Pte. Ltd. for the fourth consecutive year for delivering high standards of cleaning services through training of workers, use of equipment to improve work processes and fair employment practices.
- IEM Award 2018 – Contribution to Engineering Industry in Malaysia – Facilities Management for the year 2018 from The Institution of Engineers Malaysia (IEM) Council.
- Second Runner-Up Risk Management Team of the Year Award 2018 for second consecutive year from Malaysian Association of Risk and Insurance Management (MARIM).
- Brand Influencer of the Year Award 2017-2018 in Integrated Asset Solutions for UEM Edgenta's brand leadership, influencing the facilities management industry trends and standards with its innovative initiatives awarded by BrandLaureate.
- Merit certificate from National Annual Corporate Reports Award (NACRA) for UEM Edgenta Annual Report 2017.

GOVERNANCE

As a public listed company, we have been resolute to ensure that our business and affairs are in strict adherence to the doctrine and principles of good corporate governance in accordance with the 2017 Malaysian Code on Corporate Governance's ("2017 MCCG") 36 practices and three key principles of board leadership and effectiveness; effective audit, risk management, and internal controls; and corporate reporting and relationship with stakeholders.

In addition to this, we are also guided by our policies and procedures, governance and risk management frameworks, internal controls and robust audit mechanisms. We believe in taking a zero-tolerance approach to non-compliance as good governance not only improves workplace dynamics, but also strengthens relations with our stakeholders' relationships based on trust and credibility.

For more information on our approach to governance, please refer to the Corporate Governance Overview Statement on page 108 to page 117 of the annual report.

We continued to deliver equitable returns to our shareholders, with the Board putting in place a dividend policy of at least 50% and up to 80% dividend payout ratio based on PATANCI, representing an increase as compared to the previous dividend policy payout ratio of up to 70%. We believe the robust dividend policy will help drive high performance and deliver sustainable returns for our shareholders.

DIVIDENDS

We continued to deliver equitable returns to our shareholders, with the Board putting in place a dividend policy of at least 50% and up to 80% dividend payout ratio based on PATANCI, representing an increase as compared to the previous dividend policy payout ratio of up to 70%. We believe the robust dividend policy will help drive high performance and deliver sustainable returns for our shareholders.

For the year under review, the Board approved total interim dividends of 5.1%, based on share price of RM2.72 as at 31 December 2018.

OUTLOOK

In 2019, UEM Edgenta will continue its journey of operational excellence to innovate, increase productivity and thereon reduce costs, while still delivering excellent service quality. The focus on HSSE will also continue to feature prominently in all our efforts, as we regard our employees as our greatest assets. Given the success of UEM Edgenta is anchored on the determination and professionalism of our employees, in FY2019, the Company will look towards deepening its efforts on organisational excellence to nurture employees, improve their competencies and drive performance culture. We believe that a combination of all these strategies differentiates UEM Edgenta from its competitors and positions us for market leadership, regional growth and becoming a renowned employer of choice.

On the governance and transparency side, the Government announced the roll out of the National Anti-Corruption Plan ("NACP") which consists of 115 initiatives, six strategies and six priority areas detailing the Government's overall efforts to overcome issues of governance, integrity and corruption. We welcome and fully support the initiative as it will help eradicate corruption and promote good governance in corporate entities.

ACKNOWLEDGEMENTS

On behalf of the Board, I would like to express the Group's appreciation and thanks to Dato' Izzaddin Idris, who stepped down as Non-Independent Non-Executive Director, for his contribution to the success of the Company. Prior to him stepping down, Dato' Izzaddin was a member of UEM Edgenta's Board from 5 August 2010 until 2 October 2018, overseeing the Company's transition and galvanising our transformation across the years to where we are today.

In terms of new appointments, the Company has appointed Rowina Ghazali Seth as Independent Non-Executive Director on 1 August 2018, and Dato' Noorazman Abd Aziz as Non-Independent Non-Executive Director on 2 October 2018. I am confident that their appointments will bring significant contributions to Board effectiveness and our business growth.

I would also like to give a special mention to Shahazwan Harris, who was appointed as Alternate Director to Dato' Noorazman Abd Aziz and Non-Independent Non-Executive Director on 22 October 2018. Shahazwan, however, resigned from the Board on 28 February 2019 to take on his appointment as the Company's Chief Strategy & Transformation Officer on 1 March 2019.

We have delivered yet another year of impressive performance culminating in the Company's strong showing financially, and for that we have to thank the management team and all our employees.

I would also like to express our sincere appreciation to our clients, investors, regulatory authorities and Government agencies, members of the media and our vast network of supply chain partners. It is, with their continued support, that we are able to be the innovative and dynamic Company that we are today. Last but not least, my utmost thanks to you, our shareholder, for your unrelenting commitment to UEM Edgenta. We look forward to your continued support as we move forward to even greater heights.

AMIR HAMZAH AZIZAN
Chairman

MD/CEO'S STATEMENT



DATO' AZMIR MERICAN
Managing Director/Chief Executive Officer

FY2018 KEY PERFORMANCE HIGHLIGHTS

Revenue

RM2,182.6 million

▲ 3.3% year-on-year

Earnings Before Interest, Tax,
Depreciation & Amortisation

RM266.5 million

▲ 9.4% year-on-year

Profit After Tax

RM152.4 million

▲ 21.8% year-on-year

THE STREAMLINING OF OUR BUSINESS AND COMMITMENT OF OUR PEOPLE TO IMPROVE OPERATIONAL EXCELLENCE IN 2017 LAID THE FOUNDATION FOR OUR PERFORMANCE IN 2018. IT WAS THIS DETERMINATION TO CREATE VALUE WHICH HAS PAVED NEW WAYS ON HOW WE WORK, AND NEW SERVICES TO PROVIDE TO OUR CLIENTS. ADOPTING TECHNOLOGY & INNOVATION AND THE INTRODUCTION OF A MANUFACTURING MINDSET FOR OPERATIONAL EXCELLENCE HAS BEEN PIVOTAL, AND I AM PLEASED TO REPORT THAT NOT ONLY HAS THIS CONTRIBUTED TO THE GROWTH OF OUR EXISTING BUSINESSES BUT ALSO TO THE SUSTAINABILITY OF THE GROUP THROUGH NEW BUSINESS WINS.

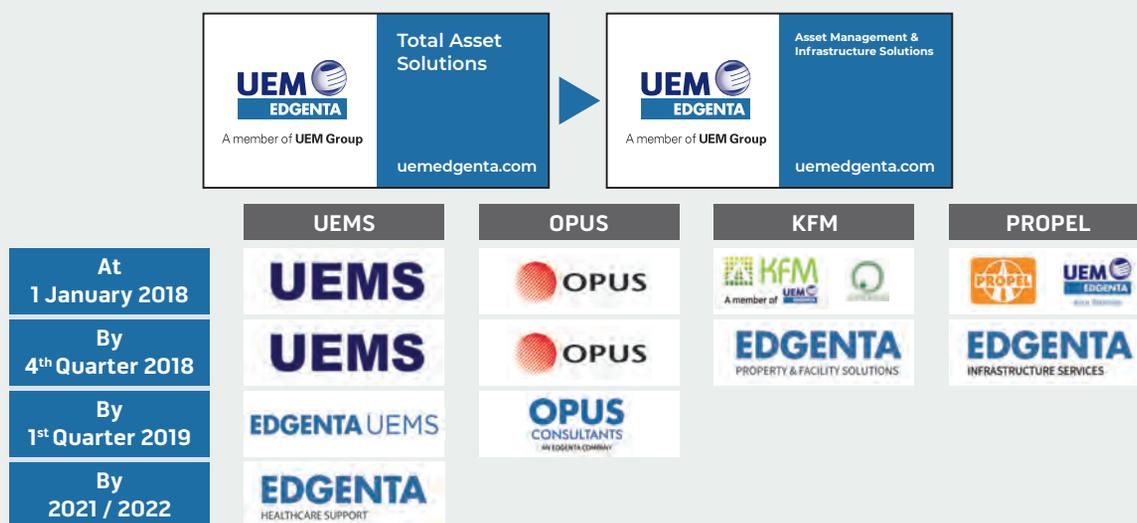
I am happy to report that we have once again delivered another year of growth, and sincerely thank you for your trust as a shareholder. We approached the 2018 Financial Year (FY 2018) confidently but with caution, as we were well aware of the challenges that a volatile global economy could pose. While the Malaysian economy recorded strong growth in the first half of 2018, the second half of the year was atypical, with developments in the macroeconomic sphere unearthing headwinds which brought about changes for many businesses. We readjusted our approach to the new normal but kept on track with our strategy which was 'mission-critical' to deliver our promise as a public listed entity.

BUSINESS OVERVIEW

As mentioned in the Chairman’s Statement, our strategic business model is heavily reliant on operational efficiency and calls for the integration of new technologies and innovation to ensure continuous improvement in the six (6) strategic focus areas of Operational Excellence; Health, Safety, Security and Environment (“HSSE”); Client Solutions; Technology; and Communications and Stakeholder Management.

During the year under review, we embarked on a rebranding and repositioning exercise to simplify and streamline UEM Edgenta and its subsidiaries. Branding is absolutely critical because of the overall impact it has on the Company. It influences how people perceive us, allows customers and clients to know what to expect from us and help drive new businesses.

Apart from the visual elements of the brand where we aim to present a consistent look in redefining the Group as an “Asset Management and Infrastructure Solutions” Company which simply describes what we do, the exercise also involves the development of our people to instil a culture of change and innovation throughout the Company.



Where We Are Today

UEM Edgenta is in a healthy state. Revenue has grown to RM2.18 billion in FY2018 while PAT increased 21.8% year-on-year to RM152.4 million. We have a healthy balance sheet with a net cash position of RM71.0 million, net asset per share of RM1.81 and a gross gearing ratio of 0.35x. Total shareholder returns for 2018 was an impressive 24.1% with a dividend payout of 14 sen representing a 79% payout ratio on the back of earnings per share (“EPS”) of 17.8 sen.

The overall positive financial results present a snapshot of where we are today. However, from an investment point of view, what is more important is what we did to get there, and what we will be doing to sustainably grow in the future.

What We Did to Get There

Leading up to 2018, we identified several key areas in which we needed to address in order to sustain our growth and be the clear market leader in markets we operate.

Safety was identified as a material component of our journey, and a detailed and focused roadmap to deliver Behavioural Safety was introduced. This resulted in the development of a comprehensive HSSE Master Plan to optimise safety in our operations. The plan is being implemented in stages, and while there is still a long way to go, we have seen significant improvements in our HSSE performance.

We have also formally activated Continuous Improvement (“CI”) initiatives in our operations such as the LEAN programme, which inculcates manufacturing mindset, discipline and accountability for operational excellence, notwithstanding the non-manufacturing nature of our service provision business. The LEAN framework encompasses innovation programmes, training and process improvements, all of which are expected to improve operational efficiencies and cost savings. Additionally, we have also set up the Innovation Garage as a new department to institutionalise the learnings from Khazanah’s TIDE programme to tackle high-impact problem statements by harnessing technology & innovation. Both of these programmes have started to deliver commendable results in FY2018.

MD/CEO'S STATEMENT

2018 PERFORMANCE OVERVIEW

The commendable performance in 2018 is a demonstration of the strategies in place, as well as the required resilience and professionalism of our people in sustaining the business. Our business approach calls for the rethinking of our existing approach and adoption of new technologies and innovation in shaping an operationally excellent environment to drive growth - with a philosophy to continuously improve our operations. Bolstered by our wealth of experience, we continued to give our best and delivered on our promises.

The Healthcare Support division completed an impressive year, contributing 45% in Revenue and PAT for the Group. Revenue was up 8.9% year-on-year while PAT grew to RM86.5 million from RM80.7 million in 2017. The division's performance is largely attributable to the strategic move to secure new contracts in Taiwan and Singapore for the Commercial business, and the continued automation and mechanisation efforts in the Concession business. I am pleased that our acquisition of UEMS in 2016 has delivered value we promised shareholders.

The performance of the Infrastructure Services division was moderate and sustained as some key infrastructure projects which we had targeted did not materialise. Nevertheless, its contribution to the Group remained strong (4.1% of Revenue and 42% of PAT). I am pleased that we made several steps in improving our operations and delivery such as:

- 1) The rolling out of **Performance-Based Contracting ("PBC")** for pavement works sets in motion UEM Edgenta's revamped service delivery model to drive efficiency and innovate towards recording improved margins in the future;
- 2) Investment in **Pavement Research Centre ("PRC")** which is part of UEM Edgenta's strategy to develop new and better products to be used in road pavement;
- 3) The commencement of CI initiatives such as LEAN programmes and the Innovation Garage;
- 4) The development and adoption of software-based applications such as **Road Asset Management System ("RAMS")** integrated with Building Information Modelling (BIM) to enable 3D modelling, resulting in a comprehensive realtime integrated enterprise system to improve efficiency and effective service delivery; and
- 5) Investment in technology and innovation such as the introduction of the **MULAG Grass Cutter** to improve safety and productivity.



Dato' Azmir Merican's briefing and site visit to enhance work safety in our operations

The Property & Facility Solutions division also performed well with 19.0% year-on-year Revenue growth and PAT growth of 50.5%. Key projects secured during the year include integrated facilities management for additional CIMB buildings, bringing the total to 9 sites as well as for Bank Negara Malaysia (BNM), and energy performance contracting (EPC) for PROTON facilities.

The Asset Consultancy business, however, saw a downturn during the year, largely due to the deferment of key infrastructure projects that did not materialise, as well as delays in the awarding of new consultancy work packages for the Pan Borneo Highway project in Sabah and Sarawak.

Gearing Up for Future Growth

We remain optimistic about our prospects, especially in the healthcare and infrastructure sectors. As the industry leader in these sectors, we will focus on protecting our market share, as well as expand and deepen our value chain offerings.

The Malaysian Government's 7.8% year-on-year increase in the budget allocation for public healthcare spending to RM28.7 billion in 2019 augurs well for the Company as we look to partner with the Malaysian Government on more initiatives in this segment. In Singapore, the Ministry of Health is restructuring the public healthcare sector into three (3) integrated clusters which opens up opportunities for us to expand the healthcare business, while In Taiwan, we are looking to upsell more services to our existing customers.

For Infrastructure Services, we plan to invest more in technology and innovation on top of the RM100 million in CAPEX incurred in the past three years. We will continue with the roll-out of operational excellence initiatives, including LEAN programmes for process improvements and the Innovation Garage to tackle high-impact problem statements; continue with the development of new and more durable products to be used in road pavement through PRC; and optimise the ongoing implementation of PBC which sets in motion our revamped service delivery model to drive efficiency and innovation. Our improved offerings will simplify processes in our effort to develop more durable material and ultimately minimise inconveniences from road closures to the public.

The Property & Facility Solutions division will see the Company focused on maintaining its growth trajectory as we look to differentiate our service offerings with a focus on customers' asset enhancement via technology applications and platforms. This will also improve our own efficiency and profitability within the division.

Despite the underperformance of the Asset Consultancy division in 2018, we are optimistic of the long-term prospects of the infrastructure sector, on the back of the Government's commitment towards implementing the Pan Borneo Highway, the Klang Valley Double Tracking projects and Sarawak Coastal Road Network & Second Trunk Road project, as well as significant funding set aside in the federal and state government budgets of Sabah and Sarawak for development and infrastructure projects such as roads, bridges, railways and public transportation.

With strong fundamentals and sound strategies in place, I am confident that we will continue to sustain our growth potential and create value for all our stakeholders.

LEADERSHIP BENCH

Leadership is an important factor in driving organisational success, to set direction and motivate employees to do the right thing as we move forward. While we will continue to prioritise the upskilling of our workforce, we need to also build a strong leadership team to champion the growth agenda at every level of the Company.

During the course of the year, we strengthened our leadership bench with the appointments of Ir. Dr. Tony Chan as Chief Operating Officer (COO) of Asset Consultancy and Shariman Yusuf Mohamed Zain as Head of Client Solutions.

Dr. Tony will be leading and driving the OPUS operations, including securing and delivering major road, rail and built environment projects. Shariman will be responsible for leading the Client Solutions team to ensure aggressive top line growth as we aim to achieve our revenue targets for 2019.

As we gear up for an exciting year ahead, the role of Chief Strategy & Transformation Officer (CSTO) has been created to look at our strategic direction and organisational transformation. Shahazwan Harris has been appointed to the position and will be responsible for Corporate Development, Planning & Strategy (CDPS) as well as drive key organisational transformation initiatives.

In addition to that, I am also pleased to announce senior leadership transition at UEMS Pte. Ltd. (UEMS Group). Ms. Low Chee Yen has been appointed Chief Executive Officer (CEO) of UEMS Group, succeeding Mr. Chan Cheow Hong, who will continue to serve UEMS Group as a Senior Advisor & Director.

I am confident they will surpass our expectations in discharging their duties and look forward to their contributions to the growth of the Group.



A view of our Command and Contact Centre located in Menara UEM

ACKNOWLEDGEMENTS

We have made excellent progress in 2018, and I would like to acknowledge the efforts of each and every member of the UEM Edgenta Group, as well as our wide network of local and regional clients, supply chain partners, shareholders and the Government, who have trusted us as their partner. Thank you for the support and involvement in creating an ecosystem that motivates high performance.

I would like to take this opportunity to extend my appreciation to Dato' Izzaddin Idris, who stepped down from the Board of Directors on 2 October 2018. Dato' Izzaddin was first appointed to the Board in 2010 and has effectively contributed to the growth of the Company throughout his tenure.

Lastly, I would also like to convey my sincere gratitude and appreciation towards our Board of Directors, UEM Group and Khazanah Nasional Berhad, the Government and our clients who were instrumental in guiding us with their insights and providing the benefit of their counsel.

I am confident that UEM Edgenta will continue to lead the way in breaking new ground as we drive new growth through continuous improvements and innovation.

DATO' AZMIR MERICAN

Managing Director/Chief Executive Officer



Numerous awards won throughout 2018 cemented our position as the leader in Asset Management & Infrastructure Solutions in the markets we operate

CFO'S REVIEW

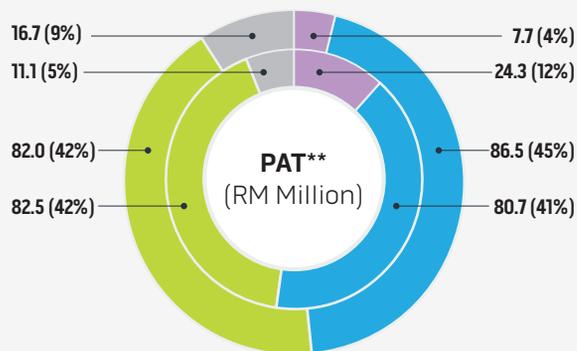
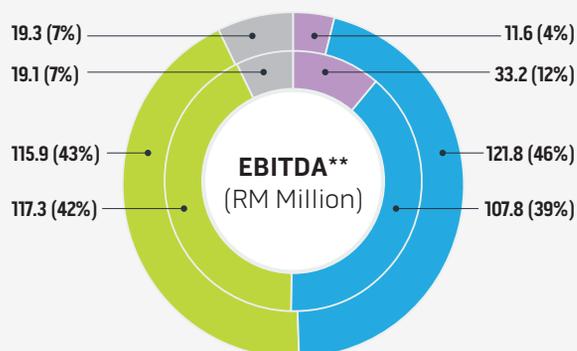
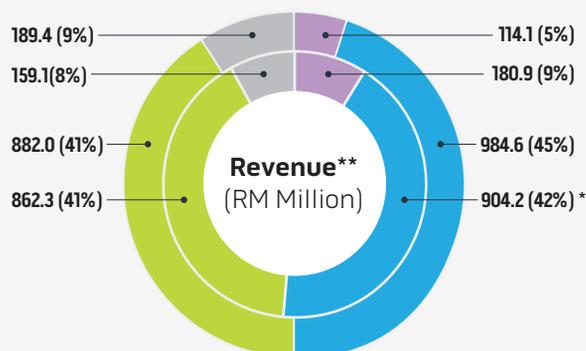


MUHAMMAD NOOR BIN ABD AZIZ @ HASHIM
Chief Financial Officer

UEM EDGENTA CLOSED THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 ("FY2018") WITH REVENUE FROM CONTINUING OPERATIONS AT RM2.18 BILLION, REFLECTING A GROWTH OF 3.3% FROM THE PREVIOUS FINANCIAL YEAR. THIS WAS GENERALLY ATTRIBUTED TO NEW BUSINESS WINS WHICH CONSIST OF ENVIRONMENTAL AND PORTERING SERVICES FOR VARIOUS HOSPITALS IN SINGAPORE AND TAIWAN, GENERAL FACILITY MANAGEMENT & ENERGY PERFORMANCE CONTRACTING FOR NEW CLIENTS AND PAVEMENT DESIGN & BUILD WITH PLUS.

Profit After Tax ("PAT") from continuing operations grew by 2.1.8% from RM 125.1 million to RM 152.4 million, contributed by the higher revenue achieved, savings from interest expenses arising from loan settlements in FY2017 and increased profitability in the Healthcare Support division.

Consistent with the performance in previous years, Healthcare Support and Infrastructure Services divisions remained the largest contributors at 45% and 41% of full-year revenue respectively.

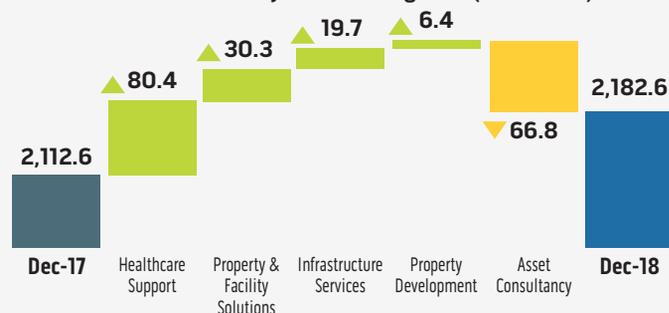


Healthcare Support Property & Facility Solutions Infrastructure Services Asset Consultancy

FY2018 FY2017

* Includes MFRS 15 prior year adjustment of RM8.2 million
** Continuing operations only, exclude property development, intercompany revenue and others

Overview of Performance by Business Segment (RM million)



Healthcare Support recorded higher revenue of RM80.4 million attributable to the new contracts secured in Taiwan and Singapore and RM8.2 million arising from MFRS 15 prior year adjustment. Earnings before interest, tax, depreciation and amortisation ("EBITDA") and PAT increased by RM14.0 million and RM5.8 million respectively on the back of these contracts, as well as from increased profitability in the concession business, offset by lower share of results from associates during the year.

Property & Facility Solutions also recorded higher revenue of RM30.3 million, as well as PAT of RM5.6 million, arising from new contracts secured for facilities management, township management, energy performance contracting services, and higher share of profit from associates as well as recognition of deferred tax asset during the year. The transition to the Smart Connect Platform improved operational efficiency while the implementation of TIDE and CI initiatives resulted in savings which further contributed to the margins improvement achieved by the division.

Infrastructure Services registered growth in revenue of RM19.7 million resulting from higher pavement and civil works carried out for expressways. EBITDA and PAT showed marginal movements as the revenue growth offset the costs incurred for the commencement of the Pavement Research Centre.

Key highlights during the year include securing competitive tenders for upgrading of Sewage Treatment Plants and ancillary facilities along the North-South Expressway, as well as Design & Build contracts for Pavement Structural Overlay from PLUS. Additionally, we also generated revenue from other clients for pavement and traffic management works, such as JKR for Selangor State Roads, MRT2 and LRT3, as well as environmental testing and services for various external clients.

The **Asset Consultancy** division saw a downturn due to the delay of consultancy works for the Pan Borneo Highway and several targeted key infrastructure projects that did not materialise.

Financial Position

As has been mentioned by both the Chairman and the MD/CEO in their respective statements, the Company is in a healthy financial position with net assets of RM1.5 billion as at 31 December 2018 to achieve further growth. PAT margin grew to 7% from 5.9% on the back of lower financing costs and operational excellence initiatives starting to bear fruit, while gross gearing ratio has been maintained at 0.35x and net cash position at RM71.0 million. Return on equity increased to 9.6% and the dividend payout was 14 sen for 2018, representing a 79% dividend payout ratio.

Moving Forward

We expect to see similar growth for Healthcare Services in 2019 with the commercial side expected to secure more business in Singapore and expand its scope of services in Taiwan. In Malaysia, we see strong growth potential with the Government's commitment towards improving public healthcare services. Additionally, there will be an upside on revenue with the newly completed Women and Children's Hospital in Kuala Lumpur and from the cross-selling and sharing of best practices between the concession and commercial business segments.

Property & Facility Solutions is expected to maintain its growth trajectory in 2019 as it continues to differentiate its service offerings with a focus on customer asset enhancement via technology applications and platforms, which will also improve our own efficiency and profitability.

Infrastructure Services will continue to roll-out operational excellence initiatives, including LEAN programmes for process improvements. We expect to see improved margins for the year ahead with further improvements in efficiency and innovation with the ongoing roll-out of the Performance-Based Contracting ("PBC") model, and the potential of new and better products developed through the Pavement Research Centre.

The Consultancy business currently contributes about 5% to the Company's financial position, but we envision long-term growth potential on the back of the Government's commitment to proceed with the Pan Borneo Highway in East Malaysia. This will be further supported by the Klang Valley Double Tracking and Sarawak Coastal Network and Second Trunk Road projects, as well as the potential of new projects with the significant funds set aside by the Federal and State Governments of Sabah and Sarawak for development and infrastructure projects.

We are confident that we will continue to grow the business - Healthcare Support and Infrastructure Services divisions represent our core resilient sectors, and collectively they contribute close to 90% of our revenue and profit. We will continue to focus in sustaining the growth momentum within these divisions, as well as push further across the board to spur organic revenue growth.

Work-in-Hand is equally healthy at RM13.4 billion, and the RM118.8 million capital expenditure will be allocated for automation and technology-related activities to further improve efficiency and reduce costs to drive margin expansion.

FY2018 SEGMENTAL PERFORMANCE AT A GLANCE			
Healthcare Support Revenue RM984.6 million ▲ 8.9% year-on-year Profit After Tax RM86.5 million ▲ 7.2% year-on-year	Property & Facility Solutions Revenue RM189.4 million ▲ 19.0% year-on-year Profit After Tax RM16.7 million ▲ 50.5% year-on-year	Infrastructure Services Revenue RM882.0 million ▲ 2.3% year-on-year Profit After Tax RM82.0 million ▼ 0.6% year-on-year	Asset Consultancy Revenue RM114.1 million ▼ 36.9% year-on-year Profit After Tax RM7.7 million ▼ 68.3% year-on-year

MUHAMMAD NOOR BIN ABD AZIZ @ HASHIM
Chief Financial Officer

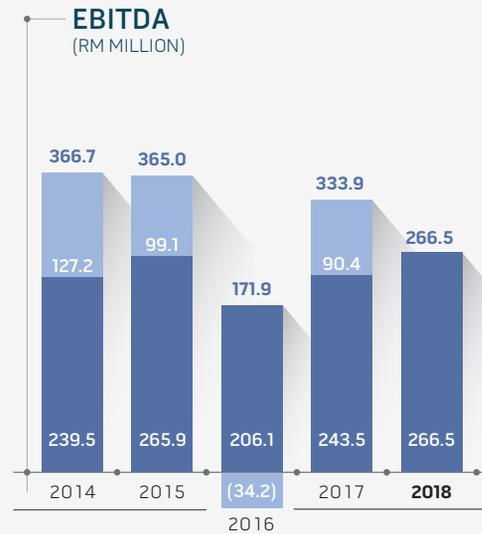
KEY PERFORMANCE INDICATORS

5-YEAR GROUP FINANCIAL HIGHLIGHTS

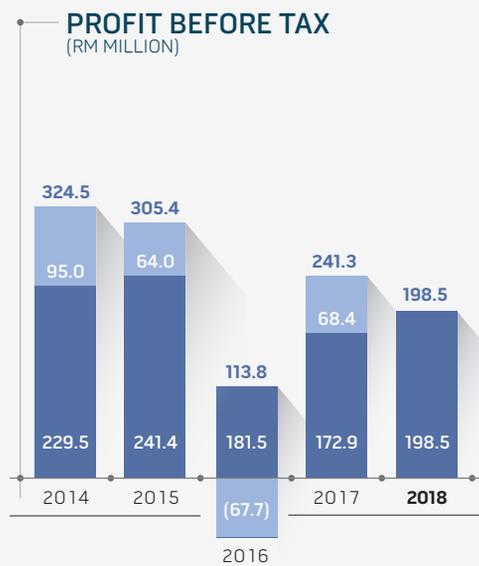
THE BOARD AND THE GENERAL MANAGEMENT COMMITTEE MONITOR A RANGE OF FINANCIAL KEY PERFORMANCE INDICATORS (KPIs), REPORTED ON A MONTHLY AND QUARTERLY BASIS, TO MEASURE PERFORMANCE OVER TIME.



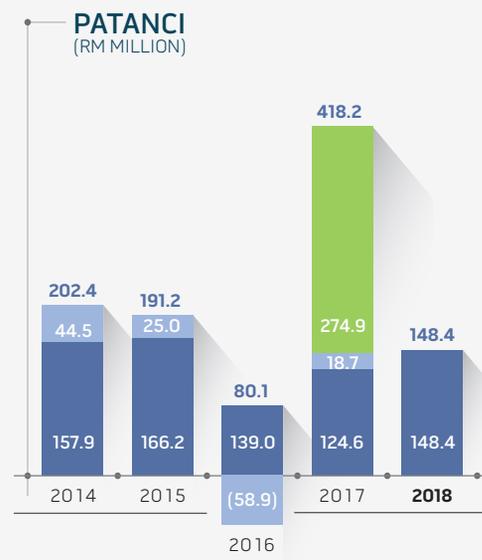
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■ Continuing Operations



■ OIC
■ Continuing Operations

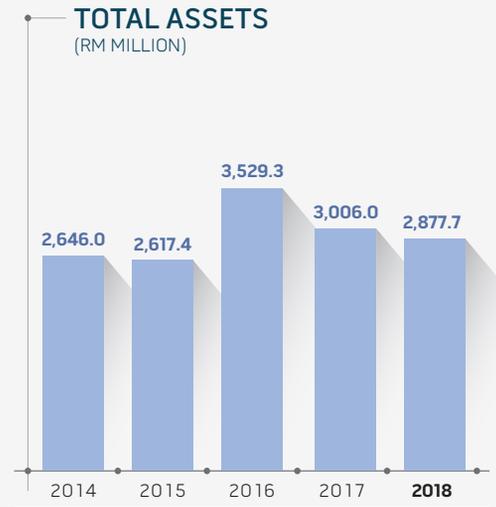


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Note:
Discontinued operation, i.e. Opus International Consultants Limited ("OIC")



Note:
Discontinued operation, i.e. Opus International Consultants Limited ("OIC")

5-YEAR GROUP FINANCIAL SUMMARY

STATEMENTS OF FINANCIAL POSITION

In RM Million	2014	2015	2016	2017	2018
ASSETS					
Non-current assets	753.5	770.1	1,425.2	1,139.2	1,143.3
Current assets	1,892.5	1,847.3	2,104.1	1,866.8	1,731.3
Assets held for sale	–	–	–	–	3.1
TOTAL ASSETS	2,646.0	2,617.4	3,529.3	3,006.0	2,877.7
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	203.4	203.4	207.9	268.1	268.1
Share premium	–	–	60.2	–	–
Reserves	350.8	383.1	392.0	301.1	312.8
Retained earnings	605.2	753.4	708.8	1,014.2	921.4
	1,159.4	1,339.9	1,368.9	1,583.4	1,502.3
Non-controlling interests	201.7	188.2	168.9	18.5	14.5
Total equity	1,361.1	1,528.1	1,537.8	1,601.9	1,516.8
Non-current liabilities	394.9	361.2	876.2	549.8	468.2
Current liabilities	890.0	728.1	1,115.3	854.3	892.7
Total liabilities	1,284.9	1,089.3	1,991.5	1,404.1	1,360.9
TOTAL EQUITY AND LIABILITIES	2,646.0	2,617.4	3,529.3	3,006.0	2,877.7
Net assets per share attributable to owners of					
the parent (RM)	1.43	1.65	1.66	1.90	1.81
Net tangible assets per share (RM)	0.84	1.09	0.49	1.03	0.93
Current ratio (times)	2.1	2.5	1.9	2.2	1.9
Liquidity ratio (times)	0.9	0.8	0.6	0.6	0.6
Gearing ratio (times)	0.3	0.2	0.6	0.3	0.3

INCOME STATEMENTS

In RM Million	2014	2015	2016	2017	2018
REVENUE					
– continuing operations	1,630.1	1,750.2	1,579.1	2,112.6	2,182.6
– discontinued operation	1,459.2	1,372.8	1,351.9	1,320.3	–
TOTAL REVENUE	3,089.3	3,123.0	2,931.0	3,432.9	2,182.6
EBITDA					
– continuing operations	239.5	265.9	206.1	243.5	266.5
– discontinued operation	127.2	99.1	(34.2)	90.4	–
TOTAL EBITDA	366.7	365.0	171.9	333.9	266.5

INCOME STATEMENTS (CONT'D)

In RM Million	2014	2015	2016	2017	2018
PROFIT BEFORE TAX					
– continuing operations	229.5	241.4	181.5	172.9	198.5
– discontinued operation	95.0	64.0	(67.7)	68.4	–
TOTAL PROFIT BEFORE TAX	324.5	305.4	113.8	241.3	198.5
PROFIT AFTER TAX					
– continuing operations	170.2	168.1	140.0	125.1	152.4
– discontinued operation	71.7	41.4	(93.4)	34.8	–
Sub-total	241.9	209.5	46.6	159.9	152.4
– gain on disposal of OIC	–	–	–	274.9	–
TOTAL PROFIT AFTER TAX	241.9	209.5	46.6	434.8	152.4
Attributable to:					
Owners of the parent (PATANCI)					
– continuing operations	157.9	166.2	139.0	124.6	148.4
– discontinued operation	44.5	25.0	(58.9)	18.7	–
Sub-total	202.4	191.2	80.1	143.3	148.4
– gain on disposal of OIC	–	–	–	274.9	–
Total PATANCI	202.4	191.2	80.1	418.2	148.4
Non-controlling interests	39.5	18.3	(33.5)	16.6	4.0
	241.9	209.5	46.6	434.8	152.4
EARNINGS PER SHARE (SEN)					
– continuing operations	19.4	20.4	16.8	15.0	17.8
– discontinued operation	5.5	3.1	(7.1)	2.2	–
Sub-total	24.9	23.5	9.7	17.2	17.8
– gain on disposal of OIC	–	–	–	33.1	–
	24.9	23.5	9.7	50.3	17.8
Dividend per share – gross (sen)	23	15	7	31	14
For continuing operations:					
Earnings before interest, taxation, depreciation and amortisation as a percentage of revenue (%)	15	15	13	12	12
Profit before tax as a percentage of revenue (%)	14	14	11	8	9
Profit before tax as a percentage of total equity at year end (%)	17	16	12	11	13

2018 GROUP QUARTERLY PERFORMANCE

Statement of profit and loss for the financial year ended 31 December 2018 - Simplified

	Qtr 1 RM'000	Qtr 2 RM'000	Qtr 3 RM'000	Qtr 4 RM'000	Total RM'000
From continuing operations					
Revenue	460,790	546,134	528,327	647,353	2,182,604
Gross profit	87,951	103,674	79,407	138,835	409,867
Other income	9,452	11,649	9,801	18,923	49,825
Operating expenses	(54,633)	(65,093)	(60,361)	(69,220)	(249,307)
Earnings before interest, tax, depreciation and amortisation (EBITDA)	56,878	64,090	43,630	101,861	266,459
Profit before tax	42,508	47,729	25,092	83,142	198,471
Profit after tax	30,503	34,630	17,947	69,281	152,361
Profit attributable to owners of the parent	29,551	33,405	17,555	67,919	148,430
Earning per share (sen)	3.5	4.0	2.1	8.2	17.8

Revenue by segment

	Qtr 1 RM'000	Qtr 2 RM'000	Qtr 3 RM'000	Qtr 4 RM'000	Total RM'000
Continuing operations					
Healthcare Support	227,578	230,618	251,114	275,274	984,584
Property & Facility Solutions	43,813	52,259	37,583	55,767	189,422
Infrastructure Services	152,068	229,036	216,879	283,982	881,965
Asset Consultancy	35,433	30,353	22,154	26,169	114,109
Property Development	1,898	3,868	597	6,161	12,524
	460,790	546,134	528,327	647,353	2,182,604

REVENUE BY SEGMENT (RM'000)



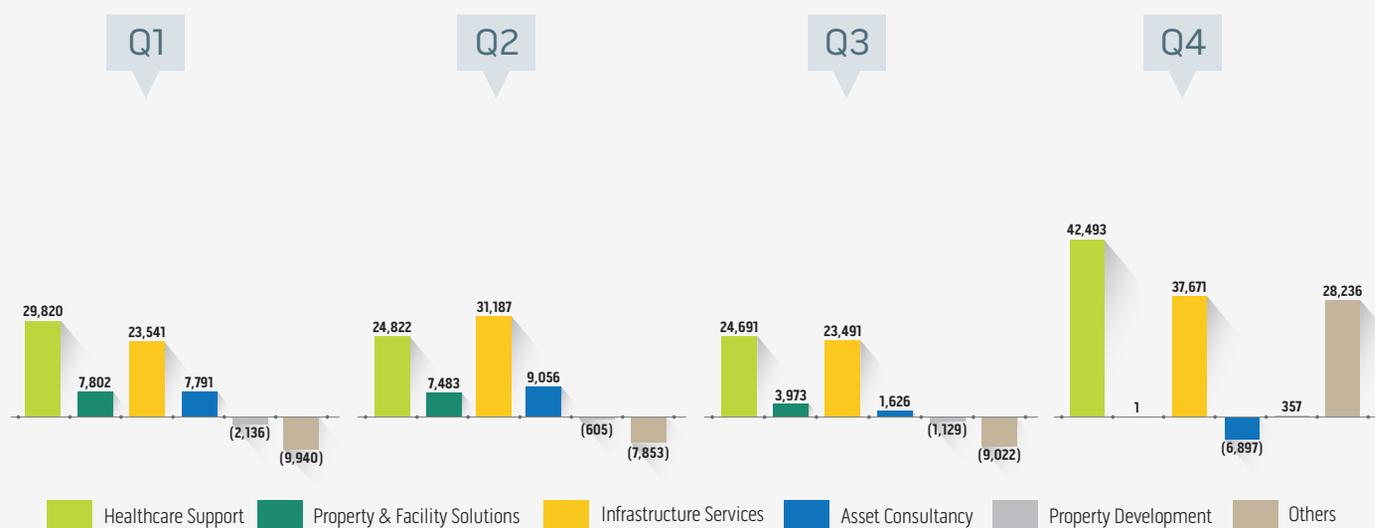


EBITDA by segment

	Qtr 1 RM'000	Qtr 2 RM'000	Qtr 3 RM'000	Qtr 4 RM'000	Total RM'000
Continuing operations					
Healthcare Support	29,820	24,822	24,691	42,493	121,826
Property & Facility Solutions	7,802	7,483	3,973	1	19,259
Infrastructure Services	23,541	31,187	23,491	37,671	115,890
Asset Consultancy	7,791	9,056	1,626	(6,897)	11,576
Property Development	(2,136)	(605)	(1,129)	357	(3,513)
Others *	(9,940)	(7,853)	(9,022)	28,236	1,421
	56,878	64,090	43,630	101,861	266,459

* Others comprise corporate costs and elimination items

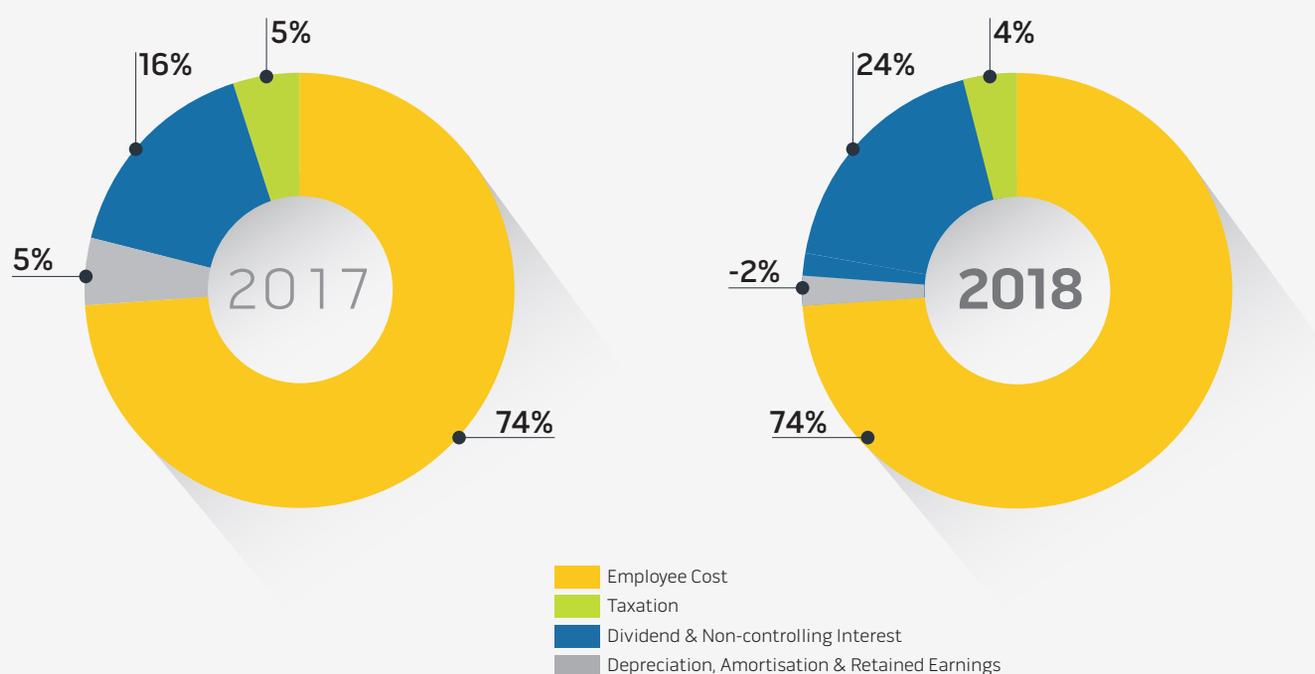
EBITDA BY SEGMENT (RM'000)



GROUP STATEMENT OF VALUE ADDED

In RM Million	2017	2018
VALUE ADDED		
Continuing operations		
Revenue	2,113	2,183
Other income	59	40
Interest income	11	10
Operating expenses	(1,240)	(1,206)
Finance cost	(49)	(28)
Share of profit of associates and joint ventures	20	17
VALUE ADDED AVAILABLE FOR DISTRIBUTION	914	1,016
DISTRIBUTION		
To Employees		
Employee cost	678	751
To Government		
Taxation	46	43
To Shareholders		
Dividend	125	241
Non-controlling interests	17	4
Retained for reinvestment and future growth		
Depreciation and amortisation	64	67
Retained earnings	(17)	(90)
TOTAL DISTRIBUTED	914	1,016

Distribution of Value Added



GROUP FINANCIAL CALENDAR

DIVIDEND

FY2017 SPECIAL DIVIDEND	FY2017 SECOND INTERIM DIVIDEND	FY2018 INTERIM DIVIDEND	FY2018 SECOND INTERIM DIVIDEND
20-Feb-2018 Announcement on declaration of Single Tier Special Dividend of 18.0 sen per ordinary share for the financial year ended 31 December 2017	20-Feb-2018 Announcement on declaration of Single Tier Second Interim Dividend of 5.0 sen per ordinary share for the financial year ended 31 December 2017	29-Aug-2018 Announcement on declaration of Single Tier Interim Dividend of 6.0 sen per ordinary share for the financial year ended 31 December 2018	25-Feb-2019 Announcement on declaration of Single Tier Second Interim Dividend of 8.0 sen per ordinary share for the financial year ended 31 December 2018
18-Apr-2018 Payment of Single Tier Special Dividend of 18.0 sen per ordinary share for the financial year ended 31 December 2017	17-May-2018 Payment of Single Tier Second Interim Dividend of 5.0 sen per ordinary share for the financial year ended 31 December 2017	31-Oct-2018 Payment of Single Tier Interim Dividend of 6.0 sen per ordinary share for the financial year ended 31 December 2018	9-May-2019 Payment of Single Tier Second Interim Dividend of 8.0 sen per ordinary share for the financial year ended 31 December 2018

FINANCIAL RESULTS

20-Feb-2018 Announcement on financial results for the 4 th quarter ended 31 December 2017	23-May-2018 Announcement on financial results for the 1 st Quarter of the financial year ended 31 December 2018	29-Aug-2018 Announcement on financial results for the 2 nd Quarter of the financial year ended 31 December 2018	29-Nov-2018 Announcement on financial results for the 3 rd Quarter of the financial year ended 31 December 2018	25-Feb-2019 Announcement on financial results for the 4 th Quarter of the financial year ended 31 December 2018
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ISSUANCE OF ANNUAL REPORT

11-Apr-2018

Issuance of Annual Report and Corporate Governance Report for the financial year ended 31 December 2017

16-Apr-2019

Issuance of Annual Report and Corporate Governance Report for the financial year ended 31 December 2018

ANNUAL GENERAL MEETING

10-Apr-2018

Notice of the 55th Annual General Meeting

10-May-2018

55th Annual General Meeting

16-Apr-2019

Notice of the 56th Annual General Meeting

15-May-2019

56th Annual General Meeting

INVESTOR RELATIONS

UEM EDGENTA IS COMMITTED TO CONSTANTLY ENHANCING OUR SHAREHOLDERS SATISFACTION THROUGH PROACTIVE ENGAGEMENTS AND REWARDING OUR SHAREHOLDERS AND INVESTORS. UEM EDGENTA'S INVESTOR RELATIONS FUNCTION UPHOLDS THE IMPORTANCE OF EFFECTIVE ENGAGEMENTS WITH OUR SHAREHOLDERS AND THE INVESTING COMMUNITY TO ENABLE GREATER COMMUNICATION AND ENHANCE THE TRANSPARENCY OF THE COMPANY'S BUSINESSES AND PERFORMANCE. WE ALSO CONTINUOUSLY SEEK NEW APPROACHES TO ENHANCE OUR COMMUNICATION PLATFORMS WITH STAKEHOLDERS FUNCTION.

UEM Edgenta's Investor Relations (IR) function and strategies are designed to achieve the objective of building and sustaining strong confidence among the investing community. As such, the Company strives to maintain proactive communication with investors in a timely, accurate, effective, clear and relevant manner. To ensure an effective and successful IR engagement with the investing community, we invest considerable resources and to further reflect our commitment in our IR efforts, our Senior Management takes part in our main IR activities. In the financial year, our IR activities were spearheaded by our MD/CEO, Chief Financial Officer, Head of Corporate Development, Planning & Strategy and supported by other senior management members across the Group.

INVESTOR RELATIONS ENGAGEMENT CHANNEL

Engagement Channel	Method of Communication	Target Audience
Analyst and investor briefings	<ul style="list-style-type: none"> Semi annual financial earnings release Material development & updates 	<ul style="list-style-type: none"> Institutional investors Analysts
Management meetings	<ul style="list-style-type: none"> Small group meetings One-to-one meetings 	<ul style="list-style-type: none"> Institutional investors Analysts
Site visits	<ul style="list-style-type: none"> Small group tours 	<ul style="list-style-type: none"> Institutional investors Analysts
Conferences	<ul style="list-style-type: none"> Investor's conferences Non-deal roadshows Industry conferences 	<ul style="list-style-type: none"> Institutional investors Retail investors Analysts
Digital & social media	<ul style="list-style-type: none"> Corporate website@ www.uemedgenta.com Enquiry contact: ir@uemedgenta.uemnet.com Facebook: www.facebook.com/UEMEdgentaBerhad Instagram: www.instagram.com/uemedgenta 	<ul style="list-style-type: none"> Institutional investors Retail investors Analysts Media
Media engagements	<ul style="list-style-type: none"> Media briefings Media releases Media interviews 	<ul style="list-style-type: none"> Media Public
Annual general meeting & annual report	<ul style="list-style-type: none"> Reporting of financial performance which include Management Discussion and Analysis and Business Strategies 	<ul style="list-style-type: none"> All shareholders Media

Analyst Briefings

UEM Edgenta hosts bi-annual Analyst Briefings sessions for our first half year and full year results announcements. In 2018, the Company held analyst briefing sessions for the full year FY2017 financial results update and first half FY2018 financial results. The investor relations team ensures that the briefing materials, which include the financial statements to the stock exchange, an investor presentation and a press release, are made available via the Company's website.

Financial Result	Date of	
	Announcement	Analyst Briefing
UEM Edgenta FY 18	25 February 2019	5 March 2019
UEM Edgenta 3Q 18	29 November 2018	-
UEM Edgenta 1H 18	29 August 2018	4 September 2018
UEM Edgenta 1Q 18	23 May 2018	-
UEM Edgenta FY 17	20 February 2018	26 February 2018

Analyst Teach In / Investors Meetings / Site Visits

During the year, the Company conducted eight (8) analysts teach in and six (6) investors meeting. We also organised a site visit, inviting institutional investors and analysts to our Biomedical Engineering Maintenance Services ("BEMS") Centre in Juru and to Hospital Sultanah Bahiyah, a hospital under our maintenance in Kedah. The aim of the visit is to enhance understanding and deepen appreciation of our business among the investors and analysts.

Type of Meeting	No. of Meetings	Stakeholders
Analyst Teach In	8	Analysts
Investors Meetings	6	Institutional Investors
Site Visits	1	Analysts / Institutional Investors

Annual General Meeting

The Company held its 55th Annual General Meeting ("AGM") at Persada PLUS, Petaling Jaya, Selangor on 10 May 2018. At the AGM, our MD/CEO presented a summary of the Company's 2017 financial performance as well as highlighted our prospects moving forward. Shareholders who attended the AGM put forth various questions, opinions and comments to the Board of Directors and members of senior management. Our Board of Directors and senior management provides their responses wherever possible; however, queries which could not be answered immediately were duly taken note of and followed up post-AGM.



INVESTOR RELATIONS

RESEARCH COVERAGE

One of the key focus of Investor Relations' activities for the financial year was to widen the research coverage to increase the Company's visibility among investing community. In 2018, the number of research coverage increased to 3, with new initiation from RHB Research. The IR team is continuously working with research houses to further expand the research coverage. Summary of the research reports are as below.

Research House	Call	Target Price
Hong Leong Investment Bank	Buy	RM3.32
RHB Research	Buy	RM3.22
MIDF	Buy	RM3.28

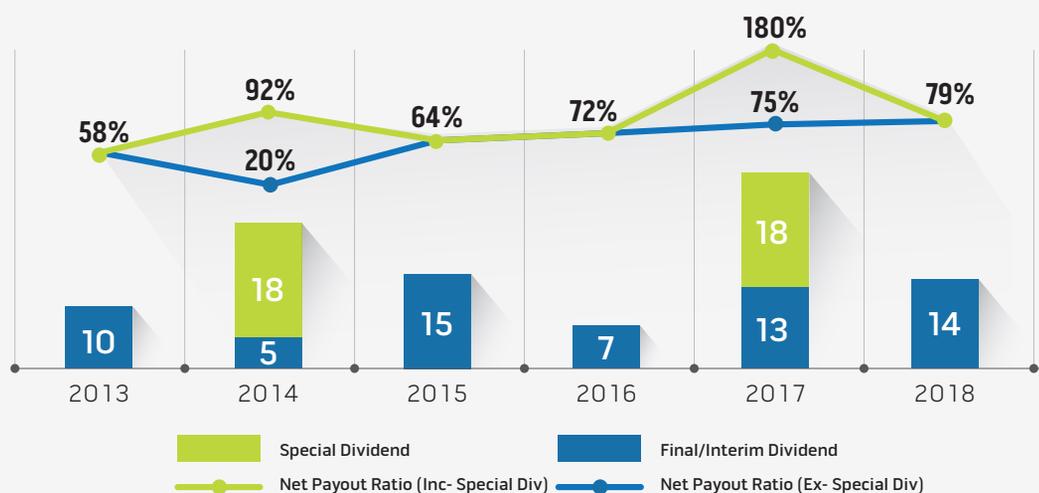
* as at 28 February 2019

DIVIDEND POLICY

In 2018, UEM Edgenta revised its dividend policy to distribute at least 50% and up to 80% of its PATANCI, subject to the sufficiency of the Company's cash flow and future capital expenditure requirements. The dividend policy instils the Company's commitment to provide healthy returns to our shareholders.

DIVIDENDS DECLARED

For FY2018, UEM Edgenta has declared a total dividend of 14 sen per share (1st interim of 6 sen and 2nd interim of 8 sen).



TRANSPARENCY

We continuously maintain a high level of transparency in our financial reporting and corporate governance, guided by the Malaysian Code of Corporate Governance, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad as well as international best practices.

INVESTOR RELATIONS PORTAL AND FEEDBACK

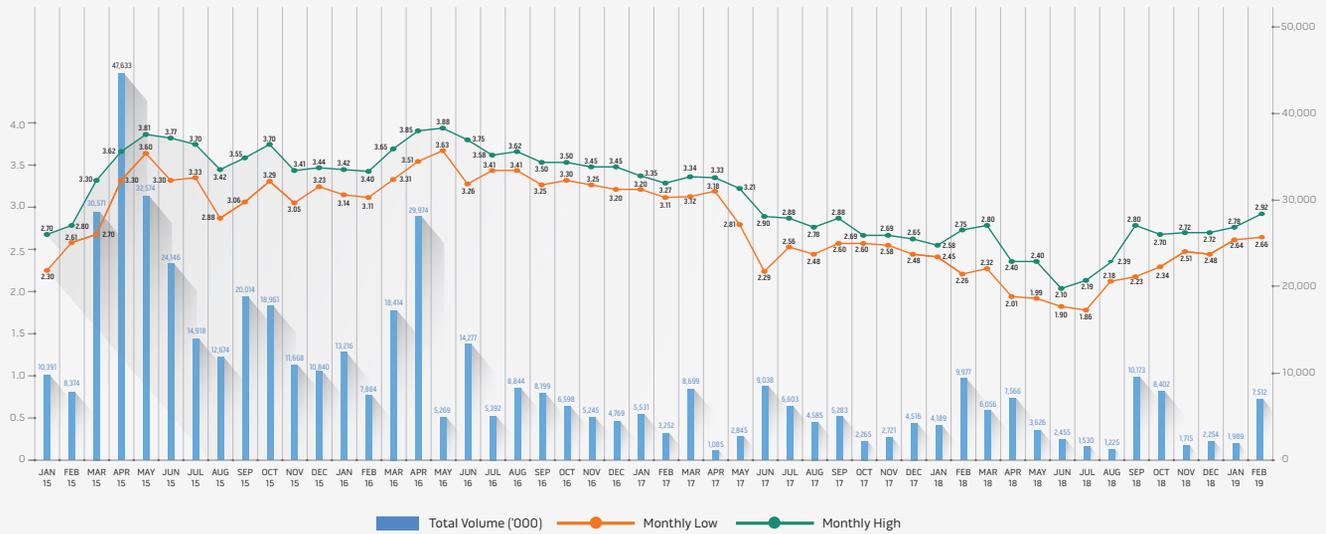
UEM Edgenta maintains an informative Investor Relations Portal to ensure comprehensive disclosure and fair distribution of information to the investing community, stakeholders and the general public. Our Investor Relations portal is accessible at <http://uemedgenta.com/investors/overview/> and comprises the following key segments:

- Corporate updates
- Financial information
- Stock information
- Reports, Circulars, Corporate Factsheet and Corporate Presentation Slides
- Announcements to Bursa Malaysia and UEM Edgenta Corporate Calendar
- Investor tools

Our Investor Relations contact and email address, ir@uemedgenta.uemnet.com is provided where we truly value and encourage feedback from stakeholders who wish to seek further clarification or information on matters related to UEM Edgenta. We also appreciate communication from stakeholders to enable us to improve relationships as well as exchange constructive ideas.

SHARE PRICE PERFORMANCE AND TOTAL SHAREHOLDERS RETURN

Share price movement and volume traded 1 January 2015 – 28 February 2019



MARKET REVIEW

2018 WAS AN INTERESTING YEAR FOR MALAYSIA, IN WHICH WE SAW A CHANGE IN THE NATION'S GOVERNMENT ADMINISTRATION, THE FIRST IN MORE THAN 60 YEARS. FROM AN OVERALL PERSPECTIVE, UEM EDGENTA WAS NOT SIGNIFICANTLY AFFECTED BY THE TURN OF EVENTS, SAVE FOR SEVERAL KEY INFRASTRUCTURE PROJECTS WHICH DID NOT MATERIALISE ON THE BACK OF THE COUNTRY'S FISCAL AUSTERITY DRIVE. THE COMPANY STAYED THE COURSE WITH RESPECT TO ITS STRATEGY OF FOCUSING ON OPERATIONAL EXCELLENCE TO IMPROVE ITS PROFIT MARGINS, WHICH PAID OFF WELL.



The global economy expanded by 3.7%¹ in 2018, lower than the earlier forecast of 3.9%¹ by the International Monetary Fund, reflecting the elevating policy uncertainties stemming from escalating trade tensions and outflows of capital from emerging economies. Although global growth was less synchronised with mixed developments in advanced economies, emerging economies in Asia performed favourably well.

The new Malaysian Government focused on raising the economic well-being of the people, restoring fiscal health and implementing various institutional reforms to improve accountability and transparency as well as the state of the labour markets. Despite the external and domestic headwinds, the Malaysian economy fared reasonably well with a full-year GDP of 4.7%² in 2018, with market sentiments generally positive and both consumer confidence and demand remaining fairly strong.

The structural changes are aimed at ensuring sustainable growth, the stability of the capital market and the monetary sector but raised concerns on public sector spending in mega-development projects. In the Malaysian Government's effort to ensure value for money in all of its projects, several planned mega-projects were reviewed, including the High-Speed Rail (HSR), East Coast Rail Link (ECRL), Mass Rapid Transit 3 (MRT3), Light Rail Transit Line 3 (LRT3) and the Pan Borneo Highway in East Malaysia. Following the review, the total cost of LRT3 was reduced by 47% from RM31.7 billion to RM16.6 billion, while the other projects were deferred or put on hold.¹

From an overall perspective, UEM Edgenta was not significantly affected by the turn of events, save for several key infrastructure projects targeted by Infrastructure Services and Asset Consultancy divisions which did not materialise. Furthermore, the Company faced delays in the awarding of new consultancy work packages for the Pan Borneo Highway project in Sabah and Sarawak.

The focus on cost efficiency in public spending filtered through to the private sector and to this end, the Company stayed the course with respect to its strategy of focusing on operational excellence to improve profit margins. This strategy has paid well, wherein net profit grew 21.8% on a year-on-year basis in FY2018, notwithstanding revenue challenges on the back of the deferment and delays faced with key infrastructure projects.

Our ongoing initiatives in operational excellence provided the basis for not just cost savings to the Company, but new business wins as well as improved delivery of services and increased value-add to our clients. Examples of such initiatives include the implementation of LEAN framework to build capabilities across the Company via process improvements and training as well as roll-out of technology and innovation-centric programmes via the Innovation Garage to tackle high-impact operational areas, coupled with group-wide efficiencies cost savings.

¹ Economic Outlook 2019 (Ministry of Finance)

² Bank Negara Malaysia website

THE UEM EDGENTA ADVANTAGE

Being at the forefront of Asset Management and Infrastructure Solutions, UEM Edgenta's strategy is to differentiate itself via innovative and technologically-enabled solutions. Coupled with our strong track record spanning 80 years of combined experience in this space, UEM Edgenta is well-placed to capitalise on future market opportunities.

We believe in breaking the convention and deploying advanced technologies to devise smart, intelligent, innovative and efficient solutions in Total Asset Lifecycle Management. Over the years, we have developed unique capabilities to help our clients achieve their full assets' potential in the context of business efficiency, prudent financial management, and sustainability.

MARKET & BUSINESS OUTLOOK 2019

Malaysia's near-term growth outlook remains resilient with sound macroeconomic fundamentals, stable financial conditions as well as broad-based and diversified economic structure. Domestic demand will continue to drive the economy while the external sector will benefit from steady global growth and trade activities.¹

Moving forward, it is expected that the Government will continue to strengthen structural reforms and accelerate the country's convergence with developed economies. Private consumption is expected to remain robust, supported by stable market conditions and continued income growth. This augurs well for our businesses which are predominantly in the healthcare and infrastructure sectors, with many opportunities for organic growth.



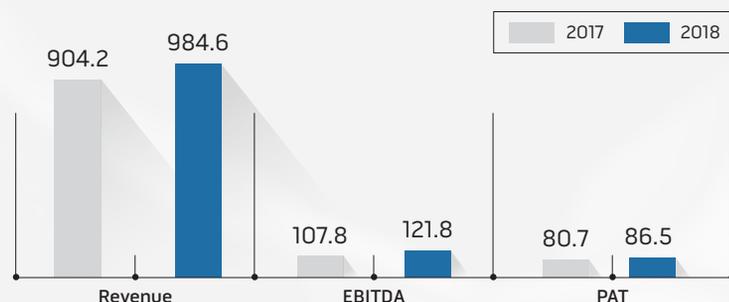
Information received through our Command and Contact Centre is a quantifiable data that helps us to make better decisions and provide excellent monitoring capability for our clients

BUSINESS REVIEW - HEALTHCARE SUPPORT



WE PROVIDE A PEACE OF MIND TO OUR HEALTHCARE CLIENTS IN THE PUBLIC AND PRIVATE SECTORS BY ENSURING THEIR HOSPITAL ASSETS AND CLINICAL FACILITIES ARE FUNCTIONING AT AN OPTIMAL LEVEL OF EFFICIENCY VIA HOSPITAL SUPPORT SERVICES, ENVIRONMENTAL SERVICES AND INTEGRATED FACILITIES MANAGEMENT SERVICES.

FINANCIAL PERFORMANCE (RM million)



- Revenue increased by RM80.4 million to RM984.6 million. EBITDA increased by RM14.0 million to RM121.8 million. PAT increased by RM5.8 million to RM86.5 million.
- Contribution from concession business – Edgenta Mediserve continues to remain stable on a year-on-year basis and via new variation orders secured from Ministry of Health, Malaysia. Profitability also recorded an increase from operational efficiency initiatives.
- Contribution from commercial business – Higher revenue and profitability are also backed by new contracts secured by UEMS in Singapore and Taiwan.

Contribution from the concession business, operated through Edgenta Mediserve Sdn Bhd ("Edgenta Mediserve"), continues to remain stable on a year-on-year basis as profitability increased with the new variation orders secured from Ministry of Health, Malaysia. The commercial business also recorded higher revenue and profitability backed by new contracts secured by UEMS Pte Ltd ("UEMS") in Singapore and Taiwan.

KEY ACHIEVEMENTS



Awarded for Excellent Hospital Support Services by MoH, Malaysia



2-STAR Energy Management Gold Standard certified by AEMAS



4th year Enhanced Clean Mark Accreditation Scheme (Gold) Award by NEA, Singapore



Secured contract for 9 State Clinics in Pulau Pinang

Won contracts in Singapore – Khoo Teck Puat Hospital, Tan Tock Seng Hospital and Sengkang General and Community Hospital

Won contract in Taiwan – Tri-Service General Hospital, National Taiwan University Cancer Centre and Far East Memorial Hospital

KEY INITIATIVES AND RESULTS

Key Initiatives	Results
Operational excellence and continuous improvement in service delivery	<ul style="list-style-type: none"> Edgenta Mediserve, the concession business received the 4-STAR award for Excellent Hospital Support Services - Company Performance Assessment by Ministry of Health, Malaysia.
	<ul style="list-style-type: none"> 22 public hospitals under the care of Edgenta Mediserve achieved 2-STAR Energy Management Gold Standard (EMGS) rating certified by ASEAN Energy Management Scheme (AEMAS).
	<ul style="list-style-type: none"> UEMS, the commercial business successfully renewed and achieved the National Environment Agency Singapore Enhanced Clean Mark Accreditation Scheme (Gold) for the 4th consecutive year.

Key Initiatives	Results
<p>Mechanisation and modernising traditional hospital support services via technology</p>	<ul style="list-style-type: none"> • Healthcare Support - Concession & Commercial have carried out various initiatives in elevating traditional hospital support services via technology. • Edgenta Mediserve has implemented mechanisation and <i>UETrack™</i> system in three (3) public hospitals - Hospital Sultanah Bahiyah, Alor Setar, Hospital Tuanku Fauziah, Kangar and Hospital Teluk Intan which resulted in total estimated cost savings of RM0.88mil in 2018. These include the deployment of motor scrubber and KAIVAC cleaning system, Toilet Demand Inspection System ("TDIS"), Housekeeping Performance Based System ("HPBS"), Unified Clocking System ("UCS") and Feedback Management System ("FMS"). • Langkawi Hospital – the 1st in Malaysia to be recognised as Green Hospital. We undertook a redesign that led to a reduction in the hospital's carbon emission by installing Solar Photovoltaic System (PV) for electricity usage, Rain Water Harvesting for watering the plants; and Food Waste Composter to convert waste to bio-organic fertilizer. • UEMS has a Centre of Excellence ("CoE"), of which objectives are to elevate service delivery for all 3 operating countries via sharing and implementation of best practices, align operational needs with strategic technology development, as well as spearhead collaborate with industry partners and government agencies. • The CoE will focus on different aspects of innovation such as mechanisation at the workplace, collaboration through technology solutions, work process design & reengineering, Robotics, IoT and analytics.
<p>Client solutions and business development</p>	<ul style="list-style-type: none"> • Edgenta Mediserve secured an inaugural contract for clinic support services contract for nine (9) state clinics in Pulau Pinang. • UEMS won environmental and portering services contract for Khoo Teck Puat Hospital, Tan Tock Seng Hospital and Sengkang General and Community Hospital respectively in Singapore, and secured housekeeping and portering contracts for Tri-Service General Hospital, National Taiwan University Cancer Centre and Far East Memorial Hospital in Taiwan. • Other key contracts secured include, amongst others, the support services contracts for EDA Hospital in Taiwan, Singapore's Ministry of National Development, Singapore Examination and Assessment Board, Buddha Tooth Relic Temple and Museum in Singapore and INTI International University and Colleges in Malaysia.

OUTLOOK AND PROSPECTS

In Malaysia, the Government's 7.8% year-on-year increase in the budget allocation for public healthcare spending to RM28.7 billion in 2019 will augur well for the concession business. This allocation includes a RM10.8 billion to restore clinics and hospitals, as well as for the purchase of medicine and medical equipment.

In Singapore, the Healthcare 2020 Master Plan aims to double Healthcare expenditure to cater to increasing ageing population as healthcare needs will grow as the population greys. The initiatives, amongst others, include the opening of one new acute hospital or community hospital per year until 2020. In Taiwan, the Healthcare sector is expected to

be boosted by higher demand for service quality and the Government's promotion as a medical tourism destination.

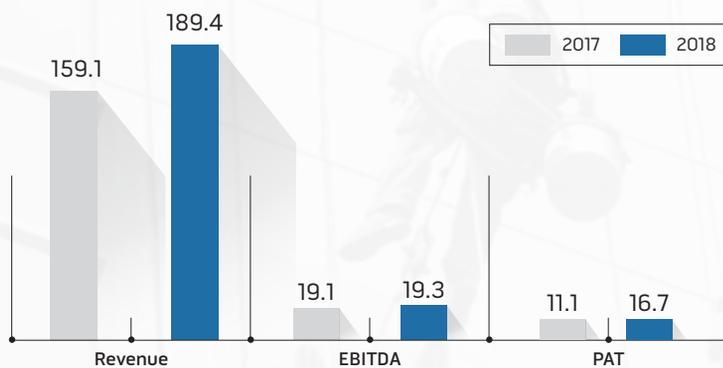
Amid increased competition, the Company will continue to focus on protecting its market share, expand its value chain offerings and expand profit margins in the public and private healthcare sectors. This will be made possible via the use of technology, mechanising operation process and deploy applications to deliver Hospital Support Services that have shown potential to improve outcomes and reduce costs, enhancement of in-house built *UETrack™* mobile application and systems, cross-selling and sharing of operational best practices between its concession and commercial businesses.

BUSINESS REVIEW - PROPERTY & FACILITY SOLUTIONS



WE HAVE SIMPLIFIED OUR SERVICE OFFERING INTO THREE SEGMENTS NAMEDLY PLANNING & CONSULTANCY, DESIGN & BUILD, AND OPERATE & MANAGE. THIS ENCOMPASSES AMONGST OTHERS, ASSET LIFECYCLE PLANNING, STRATEGY AND COST MODELING, PROJECT MANAGEMENT, RENOVATIONS & RETROFITS, ENERGY & ENGINEERING, RENEWABLE & ALTERNATIVE ENERGY, SYSTEMS INTEGRATION, OPERATIONS & MAINTENANCE MANAGEMENT, ESTATE, STRATA & COMMUNITY MANAGEMENT.

FINANCIAL PERFORMANCE (RM million)



- Property & Facility Solutions reported positive results in 2018 and recorded higher revenue of RM189.4 million, an increase of RM30.3 million and higher PAT of RM16.7 million, an increase of RM5.6 million as compared to the prior year.
- This is mainly from the provision of development advisory work for Tun Razak Exchange as well as facilities management and township management services, such as the CIMB buildings, Medini Iskandar and Marina View Residences.

We have simplified our service offering into three segments, namely Planning & Consultancy, Design & Build, and Operate & Manage. In 2018, we made inroads to new business opportunities, introduced new technological solutions and was recognised through several Awards presentations.

KEY ACHIEVEMENTS



Secured new contracts – additional CIMB buildings, Afiniti Medini, D'Summit Residence, Grand Medini, Encorp Marina and wasl Asset Management Group for Deira Zone 1 & 2, Dubai



Secured new Energy Performance Contracting projects ("EPC") – PROTON and Hospital Universiti Sains Malaysia ("HUSM")



Prime Minister's Office
Won Best Energy Efficiency Retrofitted Building and Lowest Building Energy Index at the National Energy Award 2018



First runner-up – Retrofitted Building category (Energy Efficiency and Conservation Sub-Sector Network), at the Energy Efficient Building Awards, ASEAN Energy Awards 2018

KEY INITIATIVES AND RESULTS

Key Initiatives	Results
Changing the Service Delivery Model to shift from “Asset Focused Facilities Management” to “Enhanced Customer Experience”	<ul style="list-style-type: none"> • Converting 100% of managed sites onto Edgenta Smart Connect, the cloud-based platform to manage services provided to clients. • Developed real-time performance dashboards for clients to monitor their assets and track work done.
Revenue growth from diversifying business base and densifying revenue from current customers	<ul style="list-style-type: none"> • Secured energy performance contracts from PROTON and HUSM. • Secured new contracts for additional CIMB buildings, Afiniti Medini, D'Summit Residence, Grand Medini, Encorp Marina and wasl Asset Management Group for Deira Zone 1 & 2, Dubai
Developing Green Building Solutions capabilities	<ul style="list-style-type: none"> • For work done at the Prime Minister's Office <ul style="list-style-type: none"> — Won Best Energy Efficiency Retrofitted Building and Lowest Building Energy Index at the National Energy Award 2018. — First runner-up for the Retrofitted Building category under the Energy Efficiency and Conservation Sub-Sector Network, Energy Efficient Building Awards, at the ASEAN Energy Awards 2018.

OUTLOOK AND PROSPECTS

In the 2019 Budget, the Malaysian Government has allocated RM3 billion for Industry Digitalisation Transformation to encourage the adoption of smart technology consisting of automation, robotics and artificial intelligence industry and RM2 billion in interest rate subsidies to incentivise investments in Green Technology.

PFS will continue to grow organically, targeting landmark and strategic developments, multi-asset owners and large-scale estates offering services which fall under the three (3) main categories of Planning & Consultancy, Design and Build and Operate and Manage.

With the ethos of “Enhanced Customer Experience” and an IoT driven “Active FM”, UEM Edgenta has differentiated its service delivery with the in-house development of real-time client dashboards and the Edgenta Smart Connect platform.

Real-time dashboards offer clients a live reporting view of data on the asset and work generated for their ease of monitoring and tracking. As for the Edgenta Smart Connect, it is the cloud-based asset management platform powered by a suite of technology applications and infrastructure integrated into a single purpose-built PFS product. Edgenta Smart Connect does advanced data analytics and machine learning providing genuine predictive maintenance. All in all, the technology employed will contribute to increased productivity and efficiency for both, the client and the Company.

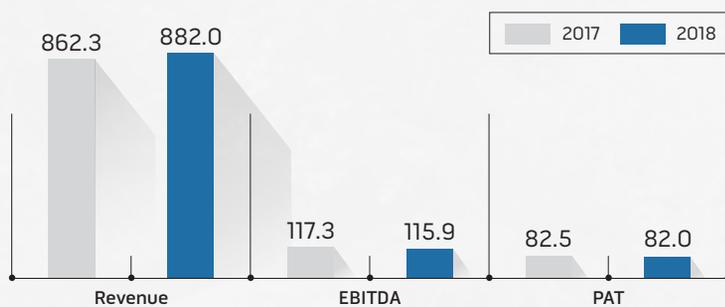
The PFS division is able to offer discerning real estate owners looking to improve asset life and optimise lifecycle costs of ownership to realise appreciation in the value of properties and earnings.

BUSINESS REVIEW - INFRASTRUCTURE SERVICES



WE ARE THE NATION'S LEADING ENGINEERING, PROJECT AND INFRASTRUCTURE MANAGEMENT AND MAINTENANCE SPECIALISTS. WE PROVIDE SERVICES TO HIGHWAYS AND ROADS, AIRPORTS, MUNICIPALITIES AND URBAN TRANSIT. OUR FORTE ALSO MAKES US A PREFERRED PARTNER FOR PAVEMENT ASSESSMENTS AND SOLUTIONS, INSTRUMENTATION WORKINGS AND GEOTECHNICAL INVESTIGATIONS.

FINANCIAL PERFORMANCE (RM million)



- Infrastructure Services reported positive results in 2018 and recorded higher revenue of RM882.0 million, an increase of RM19.7 million as compared to the prior year. While revenue contribution was mainly attributable to PLUS and work on the North-South Expressway, the Infrastructure Services division was also able to generate revenue from other clients for pavement and traffic management works, such as JKR for Selangor State Roads, MRT2 and LRT3, as well as environmental testing and services for various external clients.
- EBITDA and PAT are comparable to prior year with a slight dip by 1.2% and 0.6% to RM115.9 million and RM82.0 million respectively due to costs incurred for the Pavement Research Centre during the year.

Through Technology and Innovation, we have continuously improved our services in pavement assessments and solutions, instrumentation workings and geotechnical investigations.

KEY ACHIEVEMENTS



First Performance-Based Contracting ("PBC") Agreement for Pavement Works signed on 30 July 2018 with PLUS



Won PLUS competitive tenders for upgrading of Sewage Treatment Plants ("STP") and ancillary facilities along the North-South Expressway



Invested in a MULAG branded Hydraulic Combination Arm Mower to improve safety, productivity and reduced reliance on manpower resources

KEY INITIATIVES AND RESULTS

Key Initiatives	Results
Implementation of PBC framework	<ul style="list-style-type: none"> First PBC Agreement for Pavement Works signed on 30 July 2018 with PLUS.
Operational excellence and continuous improvement in service delivery	<ul style="list-style-type: none"> Invested in a MULAG branded Hydraulic Combination Arm Mower to improve safety, productivity and reduced reliance on manpower resources. <ul style="list-style-type: none"> The MULAG Grass Cutter can complete about 84,000m² per day for 7 hours (without lane closure) which is equivalent to 14 manpower output per day for manual cutting. Number of man-hours savings would equal to 88% per annum. Eliminates the danger of road incidents which a human grass cutter would be exposed to.
Client solutions and securing new external clients	<ul style="list-style-type: none"> Won PLUS competitive tenders for upgrading of STP and ancillary facilities along the North-South Expressway. Secured Design & Build contracts for Pavement Structural Overlay from PLUS
Digitisation of the Infrastructure Services business	<ul style="list-style-type: none"> Introduced an integrated enterprise system to track, monitor and manage infrastructure assets and maintenance operation services called Road Asset Management System ("RAMS"). RAMS is also available as a mobile application accessible 24/7 via smart devices. RAMS will be able to do the following: <ul style="list-style-type: none"> Online data collection Remote Monitoring Remote Managing Machine Learning Predictive Analysis Contact Centre Workforce Management
Foster Health, Safety, Security and Environment ("HSSE") mindset – Aiming Towards Goal Zero	<ul style="list-style-type: none"> UEM Edgenta introduced a new safety management system, BEAKON to be utilised organisation-wide. BEAKON is also able to generate reports quickly providing better analytics which can assist to make informed decisions on which areas to focus on. The Innovation Garage projects under Infrastructure Services addressed HSSE concerns. The results were improved designs for the Propel Intervention Trucks ("PIT") and rumble strips that enhances the safety element. Felt leadership on the ground - conducted joint safety visits with PLUS to Penang Bridge and Menora Tunnel, attended by senior management.

OUTLOOK AND PROSPECTS

The ongoing roll-out of Performance-Based Contracting will set the motion for Infrastructure Services' revamped service delivery model driving efficiency and innovation. UEM Edgenta has incurred costs for the commencement of the Pavement Research Centre ("PRC"), an investment which is part of the Company's strategy to service the entire lifecycle value chain for the Infrastructure Services business. This will strengthen our position in the expressway and road maintenance industry, providing a

strong foundation to explore opportunities to garner more business locally, as well as internationally.

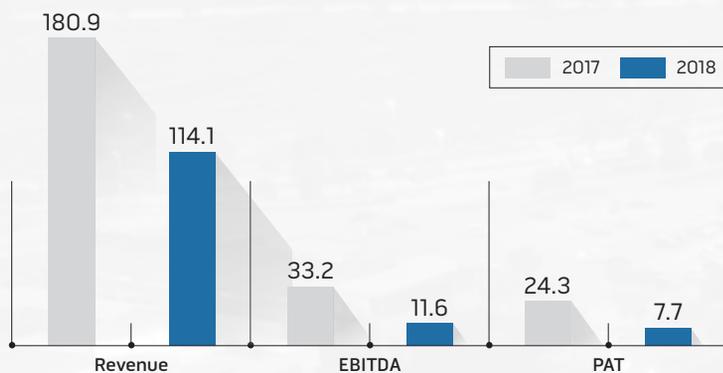
Under Budget 2019, the Government announced plans for building and upgrading roads and bridges in various locations around the country. Major national infrastructure projects in the pipeline include the Pan Borneo Highway, MRT2 Project and the Klang Valley Double Tracking project will bode well for the Company.

BUSINESS REVIEW - ASSET CONSULTANCY



WE ARE A MULTI DISCIPLINARY CONSULTANCY WITH CAPABILITIES IN PROJECT DELIVERY, ASSET MANAGEMENT AND ENGINEERING DESIGN. WE HAVE OVER THIRTY YEARS OF EXPERIENCE, A RESPECTABLE TRACK RECORD IN MAJOR INFRASTRUCTURE PROJECTS AND A FIRM Foothold IN MALAYSIA.

FINANCIAL PERFORMANCE (RM million)

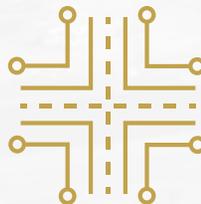


- Consultancy recorded lower revenue of RM 114.1 million for the year, mainly contributed by lower consultancy work done on the back of delays in materialisation of works for the Pan Borneo Highway as well as several targeted key infrastructure projects that did not materialise.
- Consultancy recorded lower EBITDA and PAT by RM 21.6 million and RM 16.6 million respectively during the year on the back of lower revenue.

KEY ACHIEVEMENTS



Secured a Letter of Intent ("LOI") for Coastal Road Network and Second Trunk Road project in Sarawak



Continue to maintain (and exceed) target EPI ("Expressway Pavement Index") for Good + Fair of 90% as mandated by Malaysia Highway Authority ("MHA"), a testament to our high service levels



Developed End-to-End ("E2E") Process and Project Execution Control ("PEC") System Development that enhances governance and efficiency of projects

KEY INITIATIVES AND RESULTS

Notwithstanding the challenging operating environment in FY2018, we believe we are on the right track with the right strategies in place.

Key Initiatives	Results
Operational Excellence	<ul style="list-style-type: none"> Continue to maintain (and exceed) target EPI ("Expressway Pavement Index") for Good + Fair of 90% as mandated by Malaysia Highway Authority ("MHA"), a testament to our high service levels.
Client Solutions and Business Development	<ul style="list-style-type: none"> Leveraged on experience and reputation with the North-South Expressway to secure an LOI for a Coastal Road Network and Second Trunk Roads project in Sarawak. Signed collaborative exploratory agreements with Arcadis and Meinhardt, global renowned engineering consultancies, with respect to future infrastructure projects.
Technology	<ul style="list-style-type: none"> Developed End-to-End ("E2E") Process and PEC System development that enhances governance and efficiency of projects.
Communications, Marketing and Branding	<ul style="list-style-type: none"> Rolled out new logo for OPUS. Institution of Civil Engineers (ICE) elected Dr. Tony Chan, the COO of Asset Consultancy, as the representative for Malaysia.

OUTLOOK AND PROSPECTS

We remain optimistic on the long-term prospects of the infrastructure industry on the back of the government's commitment towards implementing the Pan Borneo Highway, Sarawak Coastal Road Network and Second Trunk Road projects and the Klang Valley Double Tracking project.

Despite the change in the market landscape post the GE-14 election, Asset Consultancy will remain focused on securing and delivering major road and rail infrastructure projects with an increased focus in the East Malaysia region. The Sarawak state government has allocated RM31 billion to spend on the development of infrastructure projects throughout Sarawak over the next three (3) years in effort

to improve the connectivity in the region. Having secured high-profile nation building projects in Sarawak such as the Pan Borneo Highway, the Coastal Road Network and the Second Trunk Road, Asset Consultancy aims to further strengthen its presence and business development activities in the region.

Moving forward, Asset Consultancy will continue with its effort to leverage on data-driven asset management technology including but not limited to the use of Deighton Total Infrastructure Management System (DTIMS) and Building Information Modelling (BIM) based offerings.

REVIEW OF SUSTAINABILITY ACTIVITIES - ECONOMIC

WE IMPACT OUR BUSINESSES BY HELPING OUR PARTNERS REACH THEIR FULL POTENTIAL BY OPTIMISING VALUE THROUGHOUT THE ASSETS' LIFECYCLE. IN THE PROCESS, WE REMAIN COMMITTED TO QUALITY EXCELLENCE AND GREATER EFFICIENCIES.

Aiming Towards "Goal Zero" in Safety

Safety is a key, non-negotiable priority and we are committed to prevent work-related accidents, injuries and illnesses to our employees, and partners across the supply chain.

Our aim is to achieve "Goal Zero", and a Health, Safety, Security & Environment ("HSSE") Master Plan was put in place to optimise safety in our operations. This included the development of the HSSE Management System ("HSSE MS") Manual, Contractor Safety Management Framework and rolled out BEAKON – a HSSE Management Information System with mobile application.

Our focused approach has helped to improve Safety performance by 70% seeing a huge reduction in fatal incidents from 2017 to 2018. Goal Zero is a journey and we will continue to exercise tighter controls, train our people, enhance our processes and innovate our approach to safety.

Additionally, activities relating to HSSE were conducted throughout the year through various engagement programmes:

- 350 key leaders' attendance at inaugural Annual Management Dialogue

- 6,767 employees and subcontractors attended and attained the Expressway Operations Safety Passport, and we were recognised by National Institute for Occupational Safety and Health (NIOSH) for our commitment to the programme
- 2,500 Safety Pledges from UEM Edgenta employees and subcontractors' staff
- Visible leadership where top leadership 'turun padang' doing site visits on highways, plants and hospitals
- A focused approach in upskilling of staff and subcontractors at all Regional Offices by training them on our highest risks involving 800 people
- Engagements and some included site visits at senior level on worker safety while working at highways with key stakeholders such as our client PLUS, Lembaga Lebuhraya Malaysia, Malaysian Institute for Road Safety (MIROS) and Construction Industry Development Board (CIDB)
- Mega Safety Toolbox at Central and Northern Regional Offices
- Risk Assessment Workshops on Traffic Management
- Various innovation projects to enhance safety while working in workzones or patrolling on highways
- More than 4,500 employees participated in Safety Day across 54 locations including Sabah and Sarawak simultaneously



4 Joint Safety Compliance Audit improves partnership with PLUS

Joint Management Facility Visits by Top Leadership with PLUS



8



12,792
Safety Observations have been raised

UEM Edgenta Safety Performance

Indicator	2016	2017	2018
Injury Rate	1.1	1.7	2.2
Lost Time Injury case	28	31	46
Number of Fatalities	5	12	3
Occupational Diseases case	0	1	0

Vendor Development Programme ("VDP")

In our effort to encourage and support small and medium enterprises ("SME") and Bumiputera entrepreneurs, we have been actively working with the Ministry of International Trade and Industry ("MITI") to participate in the Vendor Development Programme.

The programme is aimed at creating and developing sustainable and competitive Bumiputera entrepreneurs by providing them with the opportunity to work with us in areas such as construction, facilities management services, pavement works, traffic management, as well as healthcare support services.

Appended below are some key indicators from our VDP initiatives in 2018.

4,083
Approved Vendors

Disbursed a Total of

RM621.09 million

in contract value to 1,839 of these vendors based on the value and category of works the vendors are qualified for

A Total of

RM255.59 million

worth of contracts, which constitutes 43.12% of sub contract value awarded to Bumiputera contractors in 2018

Nurtured

13

selected Bumiputera vendors, additional of 2 more vendors compared to 2017

136

new Bumiputera vendors registered in 2018, an increase of 6.71%

Our VDP of Business Excellence Framework are conducted through workshops and consultancy, from which participants would gain knowledge and insights on the technical and business process aspects of running a business.

During the year, 12 training sessions were conducted from which, thirteen (13) selected Bumiputera vendors have benefitted from the VDP programme.

Responsible Procurement

In 2017, we launched an online vendor management portal on our corporate website to digitalise the process of registering; renewing registrations and updating registered profiles for our vendors.

All vendors – suppliers, contractors and sub contractors, including their employees – must also conform to requirements outlined by ISO 14001 and OHSAS 18001, as well as the Environmental Quality Act 1974 and Occupational Safety and Health Act 1994.

Periodic and random checks are carried out to ensure that registered vendors comply with statutory requirements, enactments, orders, regulations and legislations.

There is also a Whistle Blower Policy established for the group, as we encourage stakeholders to report any irregularities in the business process; signs of collusion; instances of unethical behaviour; actual or suspected fraud; or violation of the Company's Code of Conduct.

In addition, and to continuously improve the quality of our supply chain management, we conduct periodic vendor performance reviews. Appended below are some key indicators from our procurement activities in 2018.

E-Sourcing

In 2017, the group procurement has launched E-Sourcing platform to drive minimum 4% target savings and 10% stretched target for cost sustainability. During the year under review, RM1.47 million savings was recorded from total sourcing of RM10.2 million, equivalent to 14.4%.

Product and Service Responsibility

We are committed to our vision of optimising assets to improve lives by managing the total asset lifecycle – quality management, product innovations, enhancing the economic lives of pavement assets and client satisfaction through improving efficiencies, reducing costs and enhancing performance, all with the end goal of delivering credible and reliable services, as well as managing environmental impacts.

Bi-annually client satisfaction surveys are conducted to gauge our clients' satisfaction, feedback and address their concerns raised for improvement. In H2 2018, we achieved an average client satisfaction score of 83% (2017:82%).

REVIEW OF SUSTAINABILITY ACTIVITIES - ECONOMIC



Combating Fraud and Corruption

On 7 December 2018, UEM Edgenta together with UEM Group of Companies participated in the inaugural launch of Integrity Day 2018 and the Group's updated Code of Conduct. With the theme "Compliance Begins With Me", invited speakers including official from the Malaysian Anti-Corruption Commission ("MACC") shared topics ranging from corruption, compliance and development programmes to reinforce the Group's commitment and affirmation in promoting integrity and good governance amongst our employees at our workplace and zero tolerance on the abuse of power and corrupt practices in any form throughout our organisation.

Thought Leadership & Industry Contributions

As a leading Asset Management and Infrastructure Solutions company, we are committed and dedicated to advancing the industry through memberships in associations and engagement with fellow industry players.

UEM Edgenta continued to exercise its expertise, offer opinions and exchange views on matters affecting the industry in 2018 by participating in events such as the National Asset & Facility Management Convention (NAFAM 2018), Malaysia Medical Device Expo 2018 (MyMedex 2018), 10th Malaysia Road Conference & PIARC (MRC 2018) and Hilir Perak Sustainability Convention.

UEM Edgenta's key leaders are currently elected to key positions in various industry associations including:

Dato' Azmir Merican, Managing Director/ Chief Executive Officer	Deputy President of MAPMA
Dr. Anas Alam Faizli, Head, Network Management Office	Treasurer of MAPMA
Ir. Dr. Tony Chan Chief Operating Officer, Opus International (M) Berhad	Malaysia Representative of Institution of Civil Engineers (ICE) UK

To-date, UEM Edgenta and its subsidiaries as well as employees are registered with and are active members in the following key organisations:

Industry Associations and Government Bodies

- The Malaysian Asset & Project Managements Association (MAPMA)
- Malaysian Association of Facility Management (MAFM)
- Institution of Engineers Malaysia (IEM)
- Board of Engineers Malaysia (BEM)
- Malaysian Association of Cleaning Contractors (MACC)
- Road Engineering Association of Malaysia (REAM)
- Malaysia Association of Energy Service Companies (MAESCO)
- Energy Service Company (ESCO)
- Energy Commission (EC) / Suruhanjaya Tenaga
- Construction Industry Development Board Malaysia (CIDB)
- Ministry of Finance Malaysia (MOF)
- Ministry of Health (MOH)
- Ministry of Works (MOW)
- Suruhanjaya Perkhidmatan Air Negara (SPAN)
- Malaysian Green Technology Corporation
- Jabatan Kastam Diraja Malaysia
- Jabatan Alam Sekitar

REVIEW OF SUSTAINABILITY ACTIVITIES - ENVIRONMENTAL

WE IMPACT THE ENVIRONMENT POSITIVELY BY DEPLOYING NEW-AGE TECHNOLOGIES TO IMPROVE OPERATIONAL AND ENERGY EFFICIENCIES ACROSS OUR WORKPLACE, AS WELL AS WITHIN OUR CLIENT NETWORKS AND THE ASSETS THAT WE MANAGE.

At UEM Edgenta, we believe in the importance of being conscious of environmental impacts and mitigating global issues of climate change. As such, we continuously evaluate various green solutions and technologies that can be implemented in our projects, operations and properties for greater efficiency and minimising carbon footprint.

It has become a norm for corporations to indulge in producing and practicing green technology and energy saving practices in their own workplace, as well as their operations and properties. Not only does it have a tremendous effect on the planet, but it also displays the effort of a company in preserving and protecting mother nature, as well as educate their employees to apply ways and habits in conserving the environment in their everyday life.

In 2018, Property & Facility Solutions ("PFS") division through KFM Holdings Sdn. Bhd. was able to further reduce energy consumption at Hospital Putrajaya by retrofitting 5 chiller plants and replaced 8,895 existing light fittings to LED lighting. The targeted total annual energy savings for the six-year project is 3,512,403 kWh/year and reduction in lighting energy consumption alone is estimated at 77% with LED lighting. From May to December 2018, we recorded an accumulated actual savings of 2,235,235.52 kWh, just six months since we started monitoring the performance.

Retrofitting of LED lighting was also done for Hospital Raja Permaisuri Bainun, Ipoh, as well as installation and optimisation works for air-conditioning and mechanical ventilation (ACMV) by Edgenta Energy Services Sdn. Bhd. A total of 7,234 lights were retrofitted with LED lighting and this has resulted in a monthly saving of 129,590.83 kWh, which translates to a reduction of 77.3%.

Additionally, PFS division through Edgenta Energy Services Sdn. Bhd. was appointed as a Green Building Index ("GBI") facilitator for Residensi Chymes Gurney (formerly known as Faber Antara Condominium) – a 22-storey high, two-block condominium located in Kuala Lumpur – and successfully secured a silver rating for the GBI Completion and Verification Assessment (CVA).

Throughout the year, we continued to reduce consumption of water and electricity and manage emissions and waste.

These efforts and solutions in implementing green technology and energy saving innovations have fruitfully paid-off with us receiving numerous environmental accolades over the course of the year. These awards, nationally and internationally, portrays our unwavering commitment in protecting and conserving our environment through sophisticated ideas and innovations.

The following list of awards were received by UEM Edgenta through its subsidiary KFM Holdings Sdn Bhd, in the implementation of green technology and energy saving solutions in our servicing facilities:

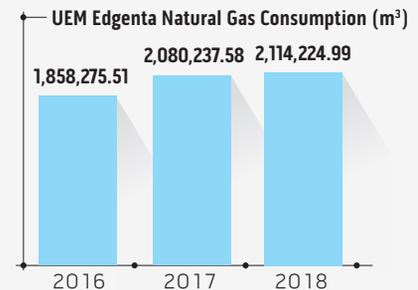
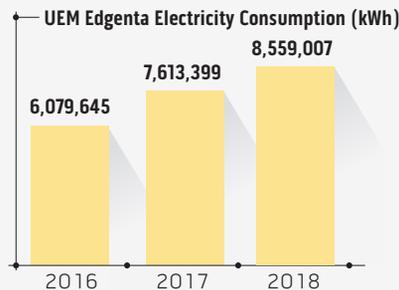
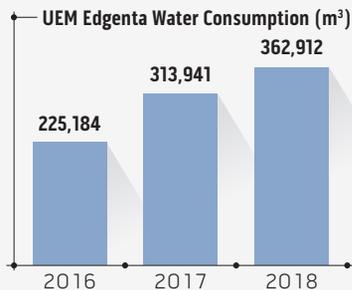
- National Energy Awards 2018 - Winner Category 1 – Energy Efficiency (Retrofitted Building) Innovative approach in retrofitting the Perdana Putra building (Prime Minister's Office, Putrajaya) into a high-performance green building
- National Energy Awards 2018 - Winner Special Category – Ministry & Government Complex Holistic approach in retrofitting the Perdana Putra building (Prime Minister's Office, Putrajaya), recording the lowest energy usage among the Government's complexes and buildings
- ASEAN Energy Awards 2018 - First Runner-up Energy Efficiency & Conservation, Energy Efficiency Building, Sub-category: Retrofitted Building Award for Perdana Putra building (Prime Minister's Office, Putrajaya)



ASEAN Energy 2018 Awards Ceremony in Singapore

REVIEW OF SUSTAINABILITY ACTIVITIES - ENVIRONMENTAL

ENVIRONMENTAL PERFORMANCE (For Malaysian Operations excluding Edgenta UEMS)



Note: The Natural Gas is used to generate steam boiler at Edgenta Mediserve's Kuala Ketil and Kamunting Plants

EMISSION & WASTE MANAGEMENT

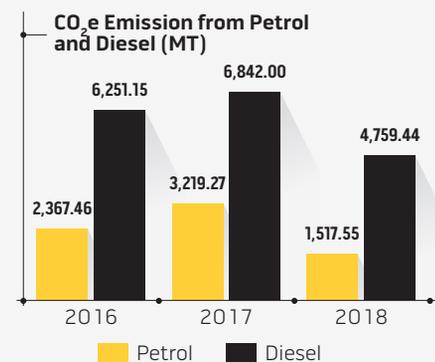
We record and report our emissions data based on the internationally recognised Greenhouse Gases ("GHG") Protocol established by the World Business Council for Sustainable Development ("WBCSD") and World Research Institute ("WRI"). Emissions accounting is based on the GHG Protocol classification of direct and indirect emissions.

Scope	Category	Indicators Measured
Scope 1	Direct GHG Emission	Petrol & Diesel
Scope 2	Indirect GHG Emission	Electricity
Scope 3	Other Indirect GHG Emissions	Air Travel

Scope 1

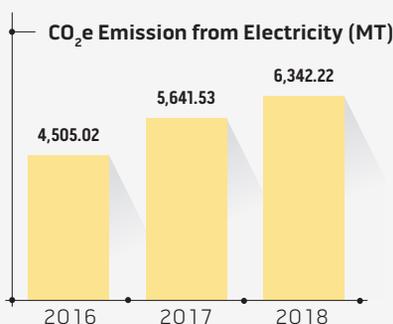
All fuel purchases are monitored and recorded to calculate GHG emission from petrol and diesel. Separate calculations have been performed for each type of fuel.

CO₂ emission from the consumption of fuel was derived from the emission factor published by the IPCC Guidelines for National Greenhouse Gas Inventories.



Scope 2

Indirect emission resulting from electricity use. CO₂ emission from the use of electricity was derived using the emission factor published by the Malaysia Green Technology Corporation for the Peninsular Grid.



Scope 3

Air travel GHG emission was calculated point to point including the number of employees on board and distance travelled. Separate calculations were performed for business and economy class flights. Online tools derived from the WRI GHG Protocol have been used to calculate the CO₂ emission from air travel.



Waste from 32 hospitals located in Northern States of Peninsular Malaysia

Year	General Waste (kg)	Clinical Waste (kg)
2017	9,961,206.22	3,953,980.54
2018	9,788,548.00	4,240,198.00

REVIEW OF SUSTAINABILITY ACTIVITIES - SOCIAL

WE IMPACT PEOPLE AT MANY POINTS IN THEIR DAILY LIVES IN OUR OPERATIONS, HOSPITALS, TRAVELLING ON THE ROADS, AND IN THEIR HOMES AND OFFICES WHICH IS WHY EVERYTHING WE DO HAS THE WELL-BEING OF THE PEOPLE IN MIND.

People Development

Our people are our greatest asset and it is important to invest and help them reach their full potential through continuous learning and development.

During the year under review, RM6.7 million was invested in capability building of our people, both towards functional and technical competencies enhancement, excelling customer experience, leading teams' technical certification, technology development and building internal trainers. During the year under review, an average of 4 training days per employee were recorded, covering 16,861 training days.

The programmes focus programmes for the year covered three broad categories:

- 20% in Leadership and Behaviour
- 49% in Technical & Functional
- 31% in Health, Safety, Security and Environment including Quality Management

Certifying Skills & Building Experts in Healthcare Support

The Malaysian Ministry of Health ("MOH") has made it compulsory for Hospital Facility Managers, Facility Heads and Engineers to undergo the Certified Healthcare Facility Manager Programme ("CHFM"), a one-year programme facilitated by the International Islamic University Malaysia ("IIUM") aimed at increasing competency and enhancing knowledge in the areas of Facility Management, Operations, Maintenance, Financial and Customer Relations. In 2018, the programme produced 51 graduates with one of UEM Edgenta's employees – Abdul Haris Ismail, named as Overall Best Student. This was the second consecutive year for a UEM Edgenta employee to be awarded as Overall Best Student.

In addition, a total of 218 employees – 185 from Facility Engineering Maintenance Services ("FEMS") and 33 from Cleansing Services ("CLS") – received the Malaysian Skills Certificate for having successfully demonstrated skills outlined in the National Occupational Skills Standards ("NOSS") based on prior experience and achievements.



Abdul Haris Ismail (far right) was named the Overall Best Student out of the 51 students who graduated from CHFM

REVIEW OF SUSTAINABILITY ACTIVITIES - SOCIAL

Building Internal Trainers in Property & Facility Solutions ("PFS")

As part of the development of internal trainers within the PFS division, two sessions of the Train-the-Trainer & In-House Module Development programme were carried out in 2018. Certified by the Human Resources Development Fund ("HRDF"), the programme focused on areas such as HSSE, Technology, Quality, Strata and Operations, and resulted in the development of over 20 in-house training modules.

The programme involved 22 employees, from Central and Southern regions, identified by the PFS Management to lead specific areas of expertise within their scope of services.

16 PFS employees from the Sales Team completed the 3 months 'Professional Consultative Sales Programme' which includes classroom interventions, on-site observations and one-on-one coaching sessions. The outcome saw a refinement to the sales structure, highly effective sales review meetings and high-performance sales coaching ecosystem inculcated within the division.

Strengthening Financial Capabilities & Safety in Infrastructure Services

It is crucial for employees in the finance division to understand how the organisation's operating activities are captured in the financial data or reports. In 2018, 334 employees from the division underwent Financial Reporting & Analysis ("FRA") training, which resulted in an 85% improvement on financial knowledge and competencies. In total, eight sessions were conducted for 189 FRA Level 1 employees and an additional seven for 145 FRA Level 2 employees.

Meanwhile, 172 employees of the division completed nine sessions of a Defensive Driving programme conducted in collaboration with Petugas Lebuhraya to increase the awareness of safe driving behaviour, enhance their defense driving skills and improve their overall driving skills.

Creating High-Performance Team in Asset Consultancy

Leadership & Behaviour Teambuilding programme was held over three sessions between September and October 2018 involving 368 employees to further improve organisational agility, internalise our corporate values, boost teamwork performance and foster innovation and creativity.

In an effort to equip employees with knowledge on basic and advanced applications of the Deighton's Total Infrastructure Management System ("DTIMS") software – a maintenance analysis tool software acquired from Deighton Canada for the PLUS Performance Based Contract model – the Group organised two workshops that benefitted and certified 19 in-house experts within the Asset Consultancy team.

The Group also facilitated a three-day Flood & Stormwater Modelling and Management workshop in August 2018 for 15 Asset Consultancy engineers to help them better understand stormwater management, as well as the concepts and application of hydrology and hydraulics in road and infrastructure projects.



RM6.7 million was invested in capability building of our people both towards functional and technical competencies enhancement

Corporate Support

Various training sessions and workshops were carried out during the year under review for UEM Edgenta's Corporate Support Functions:

Microsoft Office 365 Trainings	A total of 250 employees participated in a series of training sessions that prepared them for the migration to the Microsoft Office 365 platform; enhance their knowledge on Microsoft Excel for analysis; and increase awareness on utilisation of Microsoft's business analytics solution, Power BI, for creation of dashboard and format data visualisation.
i3BAR Excel Models for Business Analytics & Reporting	27 employees from Finance and Corporate Development, Planning & Strategy departments attended the i3BAR Excel Models for Business Analytics & Reporting programme, which enables them to produce concise, visually attractive and impactful reports; improve efficiency in routine reporting; and simulate varying cost behaviours and trends.
Sales & Service Tax Workshop	100 employees attended the Sales & Service Tax Workshops that highlighted the potential tax implications of the GST repeal and the introduction of the new SST framework, as well as its impact on our operations.
PRINCE2 Foundation & Practitioner Certification	Aimed at facilitating improved business performance and to further define processes in the management of ICT projects, 20 employees from the Technology & Innovation team completed the PRINCE2 Certification and were able to implement the framework into the practices of their 2018 projects.
ISO 14001:2015 & ISO45001:2018 Interpretation, Documentation & Implementation Training	Aimed at facilitating the migration from previous standards of the ISO 14001:2004 & OHSAS 18001:2007 to ISO 14001: 2015 & ISO 45001:2018, 20 QSHE personnel participated in a training session that provided insights into the 10 clauses of the two new standards and are able to identify the gaps between them.

The Company also believes in the importance of work life balance, to enhance productivity. Below are some of the policies that we have implemented to improve staff welfare and motivation:



Other systems that are in place to maintain and encourage a high-performance culture within the workplace includes our Performance Management System ("PMS"), Pay for Performance' framework and the Performance Individual Plan ("PIP"), all of which evaluate employee performance and provide valuable feedback.

REVIEW OF SUSTAINABILITY ACTIVITIES - SOCIAL

Employee Data

WORKFORCE	Malaysian Operations			Grand Total
	2016	2017	2018	*2018
TOTAL NUMBER OF EMPLOYEES	5,008	5,154	5,299	18,572
NATIONALITY				
MALAYSIAN	92%	91%	92%	29%
OTHER NATIONALS	8%	9%	8%	71%
GENDER				
FEMALE	27%	27%	28%	46%
MALE	73%	73%	72%	54%
CONTRACT TYPE				
PERMANENT	64%	67%	73%	61%
CONTRACT	36%	33%	27%	39%
AGE DIVERSITY				
< 30	26%	26%	26%	28%
30 – 50	56%	56%	54%	45%
> 50	18%	18%	20%	27%
LEVEL				
MANAGEMENT	371	409	429	691
EXECUTIVE	830	939	1,003	1,745
NON-EXECUTIVE	3,041	3,806	3,867	16,136
NEW HIRE				
MANAGEMENT	55	67	66	155
EXECUTIVE	194	154	163	758
NON-EXECUTIVE	771	600	534	10,177

*In 2018, we have expanded our boundaries to incorporate manpower data from across the Group's operations.



Employee Engagement

During the year, employees of UEM Edgenta participated in various engagement activities that foster diversity and inclusivity.



REVIEW OF SUSTAINABILITY ACTIVITIES - SOCIAL

CONTRIBUTIONS TO THE COMMUNITY

At UEM Edgenta, we are committed to promote the welfare and well-being of the communities in which we operate, and we do this through focus on impactful engagements.

PINTAR School Adoption Programme

Since 2015, we have, under UEM Group's PINTAR Foundation School Adoption Programme, adopted six (6) primary schools in the areas where we operate. This initiative is aimed at improving socio-economic standards of the school children by promoting the importance of academic excellence in alleviating rural students from low-income households.

UEM Edgenta's Six Adopted Primary Schools

Northern Region	- SK Bandar Bukit Kayu Hitam, Kedah - SK Wan Sulaiman Sidiq, Kedah
Central Region	- SK Jenderam, Selangor - SK Sungai Rawang, Selangor - SK Bukit Tampoi (Asli), Selangor
Southern Region	- SK Seri Yong Peng, Johor

Key activities during the year:

April and May 2018

307 students aged 12 participated in four separate motivational camps with tailor-made activities aimed at helping them to uncover their full potential.



April and May 2018

We donated provisions to 250 Asnaf students from our adopted primary schools to support their families during the Hari Raya celebrations.



July and August 2018

314 Year 6 students attended the UEM Edgenta UPSR seminar where experienced and qualified teachers provided the students with detailed methods and techniques on answering exam questions for the subjects Bahasa Malaysia, English, Mathematics and Science.



September 2018

In our commitment to inspire and promote Science, Technology, Engineering and Mathematics (STEM) among primary school students, we sponsored and coached a team of students from SK Jenderam and SK Sungai Rawang to compete in the Junior Innovate State Level Competition held in conjunction with My Digital Maker Fair 2018 from 29 to 30 September 2018. 85 projects were presented by participants from 20 primary schools across the state of Selangor. The sponsored team from UEM Edgenta won the Bronze prize for the above completion. During the event, we also sponsored 40 students and four teachers to attend the My Digital Maker Fair 2018, giving them the opportunity to experience a national digital event.



Helping Our Communities

During the month of Ramadan, 150 employees including the senior management team led by the Managing Director / Chief Executive Officer, volunteered to cook and distribute 5,000 packs of bubur lambuk to Masjid Jamek Al-Khadijah, Pantai Dalam, Hospital Yan, Kedah, Hospital Seberang Perai, Penang, Hospital Tuanku Fauziah Kangar, Perlis, and Hospital Teluk Intan, Perak.

On 21 November 2018, our employees visited the children of Pusat Penjagaan Siddharthan and organised a birthday celebration for them. In addition to the above, UEM Group of Companies also provided funds to assist on the monthly expenses of the centre such as water and electricity bills, as well as rental.



Contributions & Sponsorships

UEM Edgenta is a proud supporter of The Edge KL Rat Race ("KLRR") and sponsored RM30,000 for the 2018 edition held on 31 July 2018. The UEM Edgenta team participated in the race and emerged as Champion for Best Dressed Runners and 2nd runner-up in the Top Best Dressed CEOs category, which was represented by the Company's Head of Asset Management & Asset Consultancy, Gandhi Suppiah.

Meanwhile, UEM Edgenta had the privilege of participating and becoming the Platinum Sponsor (worth RM30,000) for the IEM Engineer's Run at Universiti Putra Malaysia on 12 August 2018.

Zakat Funds Contribution

In 2018, UEM Edgenta and its subsidiaries disbursed a total of RM335,800 Zakat contributions (RM281,000 for Fisabilillah and RM54,800 under Asnaf- Miskin) in the form of financial aid and assistance-in-kind to the poor and underprivileged communities.

As a responsible corporate citizen, we are committed to provide aid to the less fortunate in the communities within our operations to lessen their financial burden, such as costs of living, community welfare, education and healthcare support.



CORPORATE GOVERNANCE OVERVIEW STATEMENT

THE BOARD OF UEM EDGENTA BERHAD ("UEM EDGENTA" OR "THE COMPANY") IS FULLY COMMITTED TO MAINTAIN THE HIGHEST STANDARDS IN CORPORATE GOVERNANCE PRACTICES, PROFESSIONALISM AND INTEGRITY IN DRIVING THE COMPANY TO SAFEGUARD AND ENHANCE SHAREHOLDERS' VALUE AND PERFORMANCE OF THE COMPANY AND ITS SUBSIDIARIES ("THE GROUP").

In reinforcing the importance of corporate governance, the Board is dedicated in ensuring that good corporate governance is practised and complied with throughout the Group within the framework as expounded by the principles and recommendations promoted by the Malaysian Code on Corporate Governance 2017 ("MCCG"), issued by the Securities Commission.

As required under the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities"), a listed issuer is to provide an overview of the application of the principles as set out in the MCCG by the Board.

This Corporate Governance Overview Statement ("Statement") provides a summary of the Company's corporate governance practices during the financial year under review, with reference to the following three (3) key principles:-

- a) Board leadership and effectiveness;
- b) Effective audit and risk management; and
- c) Integrity in corporate reporting and meaningful relationship with stakeholders.

This Statement is to be read together with the Corporate Governance Report ("CG Report"), which provides details on how the Company has applied each Practice as set out in the MCCG. The CG Report is available on the Company's website at www.uemedgenta.com.

The Board will continue to take measures to improve compliance with the recommended best practices in the ensuing years.

A. BOARD LEADERSHIP AND EFFECTIVENESS

A1. BOARD RESPONSIBILITIES

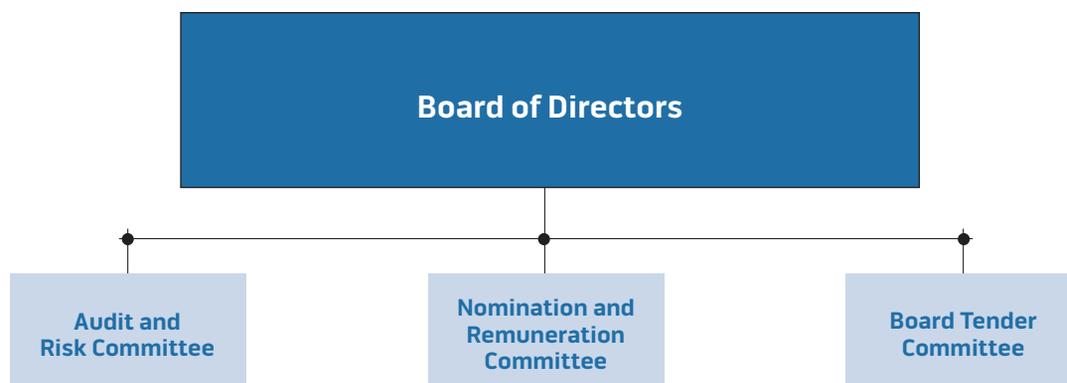
The Board affirms its ultimate and overall responsibility for corporate governance, strategic direction, financial and organisational matters of the Group. In discharging its roles and responsibilities, the Board is guided by the Board Charter and the Discretionary Authority Limits ("DAL") which outlines the duties and responsibilities of the Board, as well as matters that the Board may delegate to the Board Committees, the Managing Director/Chief Executive Officer and Management.

The Board explicitly assumes the following principal responsibilities, to facilitate the Board's stewardship responsibilities:-

- Establishing, reviewing and adopting the strategic plans and direction for the Group.
- Overseeing the conduct of the Group's business to evaluate whether the business is being properly managed.
- Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks.
- Succession planning, including appointing, training, fixing the compensation of and where appropriate, replacing senior management.
- Developing and implementing an investor relations programme or Corporate Disclosure Policy for the Group.
- Reviewing the adequacy and the integrity of the Group's internal control systems and management information systems, including system for compliance with applicable laws, regulations, rules, directives and guidelines.

In order to ensure that the Board responsibilities are effectively discharged, the Board delegates certain functions to the Board Committees to support and assist in discharging fiduciary duties and responsibilities. The respective committees with responsibilities guided by the respective terms of references, report to the Board on matters considered and their recommendations thereon. The ultimate responsibility for the final decision on all matters, however, lies with the Board.

The Board is supported by a suitable, qualified and competent Company Secretary who is accountable to the Board through the Chairman of the Board and Board Committees on all governance matters.



Audit and Risk Committee ("ARC")

Assist the Board in the oversight responsibilities by reviewing and monitoring the integrity and adequacy of the Group's internal controls, financial and non-financial reporting process and management information systems, including related party transactions and systems for compliance with applicable laws, regulations, rules, directives and guidelines.

Also assists in the oversight risk management matters in order to manage the overall risk exposure of the Group. This includes effectiveness of risk management framework in identifying, assessing and monitoring key business risks and internal processes to safeguard shareholders' investments and the Group's assets.

Nomination and Remuneration Committee ("NRC")

The NRC comprises four (4) Non-Executive Directors, a majority whom are Independent. The NRC consist of the following members:-

Name of members	Designation
Juniwati Rahmat Hussin (Chairman)	Independent Non-Executive Director
Dato' Noorazman Abd Aziz (Appointed on 2 October 2018)	Non-Independent Non-Executive Director
Dr. Saman @ Saimy Ismail	Independent Non-Executive Director
Rowina Ghazali Seth	Independent Non-Executive Director
Dato' Izzaddin Idris (Resigned on 2 October 2018)	Non-Independent Non-Executive Director

The main responsibilities of the NRC is to assist the Board on the nomination of Directors and Senior Management, assessing the effectiveness of the Board and Board Committees and recommending remuneration packages and assessing the performance of Managing Director/Chief Executive Officer and Senior Management.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Among the key activities undertaken by the NRC during the financial year under review were as follows:-

Board Composition and Succession Planning	<ul style="list-style-type: none"> Reviewed the mix of Directors to ensure high standard of Board performance and succession for both Executive and Non-Executive Directors in the event of any deficiency. Reviewed the composition of the Board and Board Committees of UEM Edgenta Berhad. Reviewed the Board Composition for the subsidiaries/associate companies of UEM Edgenta Berhad. Examined the structure, size and composition of the Board with a view to determine the number of Directors on the Board in relation to its effectiveness and ensure that at every annual general meeting, one-third (1/3) of the Directors for the time being shall retire from office. Recommended the re-election/re-appointment of Directors under the retirement by rotation provisions of the Constitution of the Company and the Companies Act 2016.
Recruitment and Appointment of Directors	<ul style="list-style-type: none"> Assessed and recommended to the Board the candidacy of directors, appointment of directors to Board committees, and reviewed Board's succession plans and training programmes for the Board. Reviewed the required mix of skills and experience and other qualities, including core competencies which Non-Executive Directors should bring to the Board.
Remuneration of Directors	<ul style="list-style-type: none"> Reviewed and recommended to the Board the remuneration of Executive Directors and Non-Executive Directors in all its forms and to review the Group's remuneration policies and procedures which should be disclosed in the Annual Report.
Board Effectiveness Evaluation	<ul style="list-style-type: none"> Assessed the Directors annually, the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each individual Director including his/her time commitment to effectively discharge his/her role as a director, character, experience and integrity. All assessments and evaluations carried out by the NRC in the discharge of all its functions were properly documented.
Recruitment/Appointment and Succession Planning of Senior Management	<ul style="list-style-type: none"> Reviewed the character, experience, integrity, competence and time commitment to effectively discharge the roles of Managing Director/Chief Executive Officer and Chief Financial Officer. Reviewed and recommended the extension of contract for Senior Management. Conducted mid-year review on the performance of the Managing Director/Chief Executive Officer. Reviewed and recommended the appointment of Senior Management. Reviewed senior management's succession plans and to ensure there are programmes in place to provide for the orderly succession of senior management.
Remuneration for UEM Edgenta Group	<ul style="list-style-type: none"> Reviewed and recommended the 2017 Performance Bonus of the Managing Director/Chief Executive Officer and Senior Management. Reviewed and recommended the proposed payout of Long Term Investment Plan 4 to Senior Management. Reviewed and recommended the proposed annual increment, market adjustment and promotion increment. Reviewed and recommended the proposed 2018 Corporate Scorecard and Managing Director/Chief Executive Officer's Scorecard.
Governance/Policy	<ul style="list-style-type: none"> Reviewed and recommended the enhancement of current employee benefits and the introduction of new employee benefits. Reviewed and recommended the Policy on Annual Training Budget for Non-Executive Directors. Reviewed and recommended the Subsistence Allowance for Non-Executive Directors on Business Travel. Reviewed and recommended the revision to the Terms of Reference of the NRC to be in line with the Malaysian Code on Corporate Governance 2017, Main Market Listing Requirements and Companies Act 2016. Reviewed and recommended the Healthcare Performance Incentive Scheme. Reviewed the Employee Engagement Action Plan.

For the year under review, eight (8) meetings were held and the details of attendance are as follows:-

Name of NRC Members	No. of Meetings Attended	Percentage of Attendance (%)
Juniwati Rahmat Hussin Chairman	8/8	100
Dr. Saman @ Saimy Ismail Member	8/8	100
Rowina Ghazali Seth Member (Appointed on 1 August 2018)	4/4	100
Dato' Noorazman Abd Aziz Member (Appointed on 2 October 2018)	1/2	50
Dato' Izzaddin Idris Member (Resigned on 2 October 2018)	5/6	83

Board Tender Committee ("BTC")

The BTC was formed on 1 June 2018 to assist the Board to reinforce corporate governance, integrity and transparency in the procurement process and contract management.

The main responsibilities of the BTC is oversight on tender submissions and approving of list of tenderers in accordance with the Terms of Reference of the BTC.

The BTC comprises three (3) Non-Executive Directors, a majority whom are Independent. The BTC consist of the following members:-

Name of members	Designation
Elakumari Kantilal (Chairman)	Non-Independent Non-Executive Director
Dato' George Stewart LaBrooy	Independent Non-Executive Director
Emily Kok	Independent Non-Executive Director

There was no BTC meeting held in year 2018.

Continuing Education Programmes

In discharging its duties, the Board acknowledges that continuous education is vital to gain insight into the state of economy, technological advances, regulatory updates and management strategies to enhance the Board's skills and knowledge in discharging their responsibilities.

The Board through the NRC had conducted an assessment of each Director's training needs via its Board Evaluation Assessment.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

During the year under review, the Directors have attended the following seminars and training programmes to gain insights into the latest regulatory and industry developments in relation to the Group's businesses:-

DIRECTORS	DESCRIPTION
Amir Hamzah Azizan	<ul style="list-style-type: none"> INSEAD: Leading from the Chair Programme, Fontainebleau Khazanah: T2.0 Sustainability Circles # 1 Khazanah: 11th IM CEO Forum Khazanah Megatrends Forum 2018
Dato' Azmir Merican	<ul style="list-style-type: none"> UEM Edgenta: Expressway Operations Safety Passport UEM Group: Digital Revolution Talk Series – Roundtable Discussion Making Corporate Transformation Happen by Microsoft UEM Group: Boardroom Governance by Skrine World Economic Forum on ASEAN 2018 IDS Medical Systems (Singapore) Pte Ltd: Asian Healthcare Leadership Summit 2018 Khazanah Megatrends Forum 2018 Ministry of Works: 3rd National Asset & Facility Management Convention (NAFAM) 2018 (Speaker)
Dato' Noorazman Abd Aziz (Appointed on 2 October 2018)	<ul style="list-style-type: none"> Khazanah Megatrends Forum 2018 Hong Kong Summit: Infrastructure Investor
Robert Tan Bun Poo	<ul style="list-style-type: none"> AmBank: Defining the Digital Bank/Blockchain – Impact to Financial Services Malaysian Institute of Accountants ("MIA"): Financial Instruments Updates – An Analysis of MFRS 9 (2014) version MIA: MFRS 9 Expected Loss Model Institute of Corporate Directors Malaysia ("ICDM"): Power Talks - Effective Boards in VUCA World AmBank: Budget 2019 – Doing Business in Malaysia
Dr. Saman @Saimy Ismail	<ul style="list-style-type: none"> ABC Exhibitions Malaysia: 21st SE-Asian Healthcare & Pharma Show Khazanah Megatrends Forum 2018 UEM Edgenta: Expressway Operations Safety Passport ICLIF: Emerging Risks, the Future Board, and Return on Compliance
Elakumari Kantilal	<ul style="list-style-type: none"> Trueventus Sdn Bhd: Blockchain Conference - Decentralising and Distributing for Data Validation and Management Khazanah Megatrends Forum 2018 UEM Edgenta: Expressway Operations Safety Passport ICLIF: Emerging Risks, the Future Board, and Return on Compliance Danajamin: Anti-Money Laundering and Terrorism Financing Danajamin: Cyber Security

DIRECTORS	DESCRIPTION
Juniwati Rahmat Hussin	<ul style="list-style-type: none"> • Trueventus Sdn Bhd: Blockchain Conference - Decentralising and Distributing for Data Validation and Management • Malaysia Association of Risk and Insurance Management (MARIM): Conference 2018 • Tenaga Nasional Berhad: Conference of Electric Power Supply Industry 2018 • Khazanah Megatrends Forum 2018 • UEM Edgenta: Expressway Operations Safety Passport • Management Events: ASEAN Board of Directors: Future – Proof of your Boardroom! • ICLIF: Emerging Risks, the Future Board, and Return on Compliance
Dato' George Stewart LaBrooy	<ul style="list-style-type: none"> • Trueventus Sdn Bhd: Blockchain Conference - Decentralising and Distributing for Data Validation and Management • Clariden Global: Disruptive Innovation Summit 2018 • Asia Finance: Last Fulfilment Asia 2018 • ICLIF: Mandatory Accreditation Programme • CHK Consultancy Sdn Bhd: Digital Economy and Capital Market Series: Alibaba and Tenant's Success Guide • CPA Australia (M) Sdn Bhd: A guide for Audit Committees and Independent Directors • APREA: India Chapter REIT Conference (Speaker) • International Institute for Management Development ("IMD"): Driving Strategic Innovation (MIT Sloan), Boston, USA • Kingsley Advisory & Strategic Initiatives Sdn Bhd: Housing and Property Development Colloquium • Rahim & Co: The Malaysia Property Market – Where are we heading post GE 14
Emily Kok	<ul style="list-style-type: none"> • EU – Malaysia Chamber of Commerce and Industry: Workshop on EU General Data Protection Regulation My Personal Data Protection Act • UEM Group: Malaysian Anti-Corruption Commission (Amendment) Act 2018 • ICLIF: Mandatory Accreditation Programme • Taylor's University: Taylor's 11th Teaching and Learning Conference 2018 • Blockchain Asia Sdn Bhd: BLOCFEST 2018 - Southeast Asia's International Blockchain Event • UEM Group: Forum on Adequate Procedures for Corporate Liabilities of MACC Amendment Act 2018 • UEM Edgenta: Expressway Operations Safety Passport • IMD: High Performance Boards – How Board of Directors make a real difference
Rowina Ghazali Seth	<ul style="list-style-type: none"> • ICLIF: Anti-Money Laundering/ Counter Financing of Terrorism (Banking Sector) • Association of Islamic Banking Institutions Malaysia (AIBIM) & Bank Negara Malaysia (BNM): Global Islamic Finance Forum 2018 • UEM Edgenta: Expressway Operations Safety Passport • ICDM: PowerTalk - Would A Business Judgment Rule Help Directors Sleep Better at Night?

CORPORATE GOVERNANCE OVERVIEW STATEMENT

A2. BOARD COMPOSITION

The Board currently has ten (10) members, comprising a Non-Independent Non-Executive Chairman, one (1) Executive Director, two (2) Non-Independent Non-Executive Directors and six (6) Independent Non-Executive Directors. One third (1/3) of the Board comprises of Independent Non-Executive Directors, in compliance with Paragraph 15.02(1) of the Listing Requirements.

For year 2018, the Company had 60% Independent Non-Executive Directors and 40% Women Directors on Board.

	DETAILS				STATUS	
	Independent Directors (MCCG 4.1 - Majority Independent)	Independent	Non-Independent			60%
	6	4				
Gender (MCCG 4.5 - 30% women directors)	Male (6)		Female (4)		40%	
						
Age	Below 50 years	50 to 60 years	61 to 70 years	70 years above	(average age)	
	1	4	4	1	60	
Tenure on Board	Less than 1 year	Between 1 – 5 years	Between 6 – 8 years	Above 8 years	(independent directors above 9 years)	
	3	6	0	1	0	
Ethnicity/ Nationality	Malay	Chinese	Others		Malaysian	Foreigner
	6	2	2		10	0

The profile of each Director is set out on pages 42 to 51 of this Annual Report.

For the financial year 2018, the Board also consisted of an Alternate Director, En. Mohd Shahazwan Mohd Harris. He is an Alternate Director to Dato' Noorazman Abd Aziz. However, he has since resigned on 28 February 2019.

Through the NRC, the annual Board Effectiveness Assessment ("BEA") was conducted to identify the strengths and weaknesses of the Board operations and established a common understanding of the Board's roles and responsibilities with a view to maximise Board performance. The Board via NRC evaluates the overall Board's performance against criteria that the Board determines are important to its success. The evaluation criteria includes the Board's structure, operations and interaction and roles and responsibilities of the Board and its committees. In addition, the BEA also includes the evaluation on the Board's composition in regards to the mix of skills, character, experience, integrity, competence and time commitment.

Based on the feedbacks from the BEA, the Board Criteria Matrix is updated and was used as a tool to search for a suitable potential new board candidates. The Board Criteria Matrix is deemed an important tool to ensure the diversity in the Board in terms of experience and expertise. With the Board Criteria Matrix, the Board is able identify any gap areas of the Board composition.

Upon determining the preferred criteria for the proposed new board member, the Board sought recommendation from existing Board Members, Management and Major Shareholders, requested recommendation from independent sources such as NAM Institute for the Empowerment of Women (NIEW) and Lead Women Sdn Bhd and desktop searches were also conducted to identify suitably qualified candidates.

A3. REMUNERATION

The Directors' remuneration is reviewed from time to time and is determined at levels which enable UEM Edgenta Group to attract and retain Directors with the relevant experience and expertise needed to manage the Group effectively.

The Managing Director/Chief Executive Officer is subject to a 3-year service contract with the Company. He is not paid an attendance allowance nor Directors' fees. His remuneration is structured so as to link rewards to corporate and individual performance. Performance is measured against specified targets by reference to the Group's Annual Business Plan. The reward process also takes into account relevant market comparisons and competitive pressures in the industry.

Non-Executive Directors are paid a fixed base fee on a quarterly basis. With the recommendation from the NRC, the Board as a whole determines the remuneration for Non-Executive Director with directors concerned abstaining from deliberation or voting on decision in respect of their remuneration. The aggregate amount of Directors' fee to be paid to Non-Executive Directors is subject to the approval of the shareholders at general meeting.

The Directors Remuneration Framework are as follows. Details of the quantum of the individual directors' remuneration on named basis are as set out in the CG Report under Practice 7.1.

Directors' Fees	Proposed Directors' Fee per annum (RM)	
	Chairman	Member
Board	210,000	108,000
Audit and Risk Committee	50,000	30,000
Other Board Committees	25,000	15,000

The current benefits payable and accorded to the Directors are:-

No.	Description	Directors' benefits
(a)	Allowance will be paid to Directors for the following: (i) Attending meetings with Government representatives on behalf of the Company; or (ii) Handling operational issues such as site visits to advise operating companies.	RM1,000 per day
(b)	Meeting allowance for ad-hoc or temporary Board Committees established for specific purposes.	(i) Chairman of Committee – RM2,000 per meeting (ii) Member of Committee – RM1,000 per meeting
(c)	Car allowance for Chairman of UEM Edgenta	RM3,400 per month
(d)	Medical benefits for Board members <i>Where a Director sits on several boards within the UEM Group of Companies, he will only be entitled to claim medical benefits from one (1) company only.</i>	(i) Medical coverage of RM7,000.00 per annum, inclusive of outpatient, clinical, specialist and dental; and (ii) Hospitalisation of RM100,000.00 per annum including room and board at RM500.00 per day.
(e)	Training and Development of Directors	A training budget is allocated for Directors to attend relevant training programmes and seminars to enhance their knowledge and skills in discharging their duties.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

No.	Description	Directors' benefits
(f)	Directors' & Officers' Liability Insurance	The Company through UEM Group Berhad's group-wide Directors' and Officers' Liability Insurance maintains coverage throughout the financial year to indemnify directors and officers against any liability incurred by them in the discharge of their duties while holding office as directors and officers of the Company.
(g)	Subsistence allowance for business travel	Peninsular & East Malaysia – RM150 per day Overseas – USD125 per day

The Company would be seeking shareholders' approval at the forthcoming Annual General Meeting for the payment of Directors' benefits for items (a) to (c) of the above table.

B. EFFECTIVE AUDIT AND RISK MANAGEMENT

B1. AUDIT COMMITTEE

The Audit and Risk Committee ("ARC") led by Mr. Robert Tan Bun Poo, assists the Board in its oversight of the Company's financial reporting, and in fulfilling its fiduciary responsibilities relating to internal controls. This includes risk management, maintenance of financial and accounting records and setting policies as well as financial reporting practices of the Group. It also reviews related party transactions, conflict of interest situations that may arise within the Group and the provision of non-audit services by the External Auditors.

The ARC comprises of three (3) members, all of whom are Non-Executive Directors, with a majority of them being Independent Directors.

The ARC Report including its membership, composition and summary of work carried out by the ARC during financial year 2018 is presented on pages 126 to 127 of this Annual Report.

The duties and responsibilities of the ARC are set out in its Terms of Reference which is available at the Company's website at www.uemedgenta.com.

The Board, through the ARC, maintains a transparent and professional relationship with the Internal and External Auditors. The ARC has been explicitly accorded the authority to communicate directly with both the Internal and External Auditors.

Currently, Messrs Ernst & Young provides independent and professional external auditing services to the Group. The ARC conducts yearly assessment on the suitability and independence of the External Auditors.

For the year under review, the External Auditors have confirmed to the Board their independence in providing their services.

The ARC and Board meets up with the External Auditors at least twice and once a year respectively in the absence of the Managing Director/ Chief Executive Officer and Management.

The Board is satisfied with the outcome of the assessment of the External Auditors on their suitability and independence, and is recommending their re-appointment at the forthcoming annual general meeting, subject to the approval of the shareholders.

B2. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

Effective Risk Management and Internal Control Framework

The Board has overall responsibility for the system of Risk Management and Internal Control which includes financial controls, operational and compliance controls to ensure that shareholders' investments, customers' interests and the Company's assets are safeguarded.

The Statement on Risk Management and Internal Control as set out on pages 118 to 125 of this Annual Report provides an overview of the state of internal controls within the Group.

C. INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

C1. COMMUNICATION WITH STAKEHOLDERS

The Group has been transparent and accountable to its shareholders and investors and recognises the importance of timely dissemination of information to shareholders and other stakeholders. The Board is also committed to ensure that the shareholders and other stakeholders are well informed of major developments of the Company and the information is communicated to them through the following channels:-

- Annual Report;
- Various disclosures and announcement to Bursa Securities including quarterly results;
- Analyst briefings, press releases and announcements to the media;
- Dialogues and presentations at general meetings to provide overview and clear rationale with regard to the proposals tabled for approval by shareholders;
- Online investor relations on the Company's website at www.uemedgenta.com; and
- All announcements made by the Company to Bursa Securities will be posted on the Company's website at www.uemedgenta.com.

Shareholders may forward any concern/queries to Investor Relations at ir@uemedgenta.uemnet.com and all relevant and appropriate issues raised will be addressed accordingly.

The Company's website has a dedicated section that provides investors with detailed information on the Group's business, commitments and latest developments.

While the Company endeavours to provide as much information as possible to its shareholders and stakeholders, the Company is mindful of the legal and regulatory framework governing the release of material and price-sensitive information.

The Company has in place, the Corporate Disclosure Policy which outlines the Company's approach towards the determination and dissemination of confidential information, the circumstances under which the confidentiality of information will be maintained and restrictions on insider trading. The Corporate Disclosure Policy also provides guidelines in order to achieve consistent disclosure practices across the Group.

C2. CONDUCT OF GENERAL MEETINGS

The Annual General Meeting ("AGM") is the principal forum for dialogue with shareholders. Shareholders are provided with an opportunity to participate in the question and answer session in which shareholders may raise questions pertaining to the business activities of the Company. The Chairman as well as the Managing Director/Chief Executive Officer and the external auditors, if so required, will respond to questions from shareholders at the AGM.

With the MCCG which came into effect on 26 April 2017, Notice of AGM was given to shareholders at least 28 days prior to the meeting.

This Corporate Governance Overview Statement was approved by the Board on 22 March 2019.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

IN ACCORDANCE WITH THE PRACTICE SET OUT IN THE MALAYSIAN CODE ON CORPORATE GOVERNANCE 2017, A LISTED COMPANY SHOULD ESTABLISH AN EFFECTIVE RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK. THE BOARD OF DIRECTORS ("BOARD") IS PLEASED TO PROVIDE THIS STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL PURSUANT TO PARAGRAPH 15.26(B) OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD AND AS GUIDED BY THE STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL: GUIDELINES FOR DIRECTORS OF LISTED ISSUERS.

RESPONSIBILITY OF THE BOARD

The Board acknowledges the importance of maintaining a sound framework in managing risks to safeguard the shareholders' investments and the Group's assets.

The Board is constantly and actively identifying the Group's level of risk tolerance, assessing and monitoring the key business risks. These include updating the internal control systems of the Group.

The Board however, acknowledges that the system of internal control is designed to manage and reduce the risk of not achieving business objectives and only provide reasonable and not absolute assurance of effectiveness against material misstatement of management and financial information and records or against financial losses or fraud.

MAIN FEATURES OF RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

The Board recognises the importance of key risk management and internal control system that sets the tone for the Group. In recognising the importance of risk management and internal control system in the overall governance process, the Board of the Company has instituted the following: -

Board and Board Committees

- For the financial year under review, there are ten (10) Directors on the Board comprising one (1) Managing Director/Chief Executive Officer, six (6) Independent Non-Executive Directors and three (3) Non-Independent Non-Executive Directors.

The Board also consist of one (1) alternate director to a Non-Independent Non-Executive Director. However, he has since resigned effective from 28 February 2019.

- The Board has established the Audit and Risk Committee ("ARC"), Nomination and Remuneration Committee ("NRC") and Board Tender Committee ("BTC") with specific Terms of Reference, which have the authority to examine all matters within its scope of responsibilities and report to the Board with its recommendations for the Board's decision.
- The responsibilities and functions of the Board, each of its committees and the individual directors are specified in its respective Terms of Reference and Board Charter.

General Management Committee

- The General Management Committee ("GMC") is chaired by the Managing Director/Chief Executive Officer and comprises the senior management team members from respective divisions.
- The key role of GMC is to deliberate and resolve the Group's key strategic and operational issues in a timely manner and keep track of key business developments.
- The GMC also serves as a platform for members to report on their respective business and operation plans to the Managing Director/Chief Executive Officer and to address other matters as directed by the Board and/or the Managing Director/Chief Executive Officer.

Risk Management Committee

- Risk Management Committee ("RMC") assists the Board in ensuring sound and robust Risk Management Framework ("RMF") to achieve the Group's strategic objectives, safeguard shareholders' investments and its assets. Terms of Reference was established and endorsed by the Board to govern its responsibilities and activities.
- The RMC is chaired by the Group's Managing Director/Chief Executive Officer and consists of Head of Companies of the Group and co-opted members from the management team of the Group. The RMC undertakes the following responsibilities:
 - Review and recommend risk management policies and procedures for the approval or acknowledgement of the ARC and Board;
 - Act as Primary Champion of risk management at strategic and operational levels;
 - Review the on-going adequacy and effectiveness of risk management process;
 - Review the consolidated risk registers to identify significant risks and whether these are adequately managed; and
 - Ensure that the ARC and Board receive adequate and appropriate information for review and decision-making respectively.
- The RMC is assisted by the Risk Management and Compliance Department ("RMCD"), which is primarily responsible for the implementation of RMF and operationalisation of risk management processes and practices. A Charter, which defines RMCD's responsibilities, scope and authority for the Group has been established and endorsed by the ARC and Board.

Company Values

The Group is intensifying the communication and inculcation of the Group's values: "Enterprising, Teamwork, Integrity, Passion and Success" amongst its employees through description of key behaviours and roll out via leaders and supervisors.

Policies and Procedures

Written policies are established to guide how a department or an individual within the Group works or behaves and provide guidance to employees as to what their obligations are. Some policies are supported by procedures which describe the steps the employees shall take to produce an output or to complete a process. The policies and procedures also form part of the various management systems and are reviewed regularly and updated when necessary. Briefings and trainings are frequently held to enhance employees' awareness on the policies and procedures.

The Group has dedicated teams to carry out Quality Assurance/Quality Control, Safety, Health and Environment activities. Those teams monitor compliance to the established internal Policies and Procedures, International Management System Standards (ISO 9001 – Quality Management System, OHSAS 18001 – Occupational Quality Health & Safety Management System, ISO 14001 – Environmental Management System, ISO 13485 – Medical Devices Quality Management System ISO/IEC 17025 – Laboratory Management System), contracts and relevant legal requirements.

UEM Edgenta has established HSSE Management System to inculcate a strong HSSE culture and sustainable HSSE performance. The HSSE Management System comprises of HSSE Rules, SOPs and processes. This also includes introducing an enhanced UEM Edgenta HSSE Management System (MS) Manual which seek to make the HSSE execution simpler and more aligned within the Group.

Subsidiaries within the Group have implemented several Internationally Accredited Management Systems to standardise its management and operational processes and to further improve its efficiency. The following subsidiaries have been awarded with various Management System certifications: -

- **Edgenta PROPEL Berhad**
 - ISO 9001:2015
 - ISO 14001:2015
 - OHSAS 18001:2007
- **Opus International (M) Berhad**
 - ISO 9001:2015
 - ISO 14001:2015
 - OHSAS 18001:2007
- **Edgenta Mediserve Sdn Bhd**
 - ISO 9001:2015
 - ISO 14001:2015
 - OHSAS 18001:2007/ MS 1722: Part 1:2011
 - ISO 13485:2016/EN ISO 13485:2012
- **Edgenta Environmental & Material Testing Sdn Bhd**
 - ISO 9001:2015
 - ISO 14001:2015
 - OHSAS 18001:2007
 - ISO/IEC 17025
- **KFM Holdings Sdn Bhd**
 - ISO 9001:2015
 - ISO 14001:2015
 - OHSAS 18001:2007

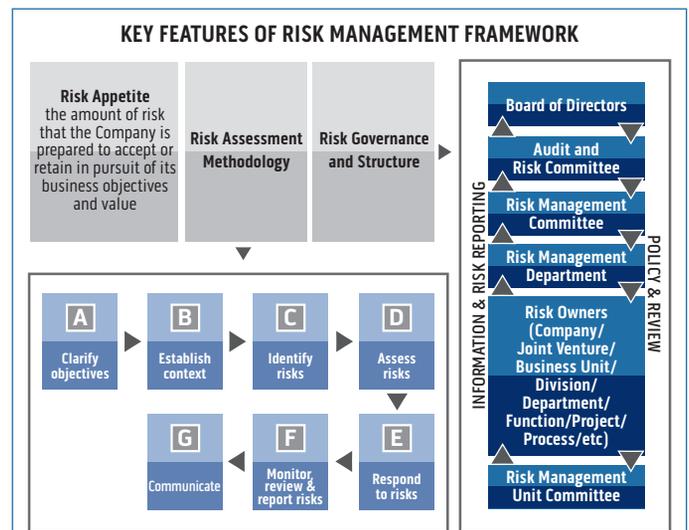
These certifications reflect the Group's commitment in ensuring the quality deliverables to customers, safeguard safety and health of employees and safeguard the environment.

Risk Management

Risk Management Framework

- The RMF provides the foundation and organisational arrangement for managing risk across the Group. It illustrates how risk management is embedded in the organisational systems and integrated at all levels and work contexts, making risk consideration part of our day-to-day decision-making and business practices.
- Principally aligned with ISO3 1000:2010, the RMF include scope and objectives, emphasis on enterprise-wide risk assessment and management, and Risk Control Effectiveness Indicators ("RCEI"), which measure the appropriateness and effectiveness of risk countermeasures based on demonstrated/observed improvements on key business, operating and financial parameters.
- The RMF aims to:
 - Establish common risk language, modus operandi and direction with regard to risk management;
 - Convey the Group policy and attitude to risk management;
 - Set the policy, methodology, scope and application of risk management;
 - Detail the process for escalating and reporting risks;
 - Establish the roles and responsibilities for managing risk;

- Facilitate open communication between management and the Board with respect to risk; encourage proactive decision making; and
- Build an appropriate culture of integrity and risk awareness.
- The RMF has been communicated to staff of relevant levels and will be reviewed for continuous improvement.



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Risk Management Approach

- The Group adopts a formal and structured approach for risk assessment process.
- The methodology comprises sequential steps of risk management activities that are interrelated and iterative. The process applied to the whole of a business (enterprise level) or to any part of a business (divisions, departments, functions, business units, projects, processes).
 - a. Set/clarify business objectives:
Understanding of what the objectives are for the Company and its group of companies.
 - b. Establish context:
Establish the context and boundaries within which the Group operates.
 - c. Identify risks:
Risk(s) are those internal or external factors which could affect/influence the achievement of business objectives either positively or negatively.
 - d. Assess risks:
Prioritise risks by evaluating the potential impact on business objectives if a risk were to materialise together with the likelihood of occurrence.

The Group adopts the following risk rating matrix to articulate the relationship between risk impact and likelihood.

Risk Rating					
Likelihood	Risk Impact				
	Insignificant	Minor	Moderate	Major	Catastrophic
Certain	Medium	Significant	Significant	High	High
Likely	Medium	Medium	Significant	Significant	High
Possible	Low	Medium	Medium	Significant	High
Unlikely	Low	Medium	Medium	Significant	Significant
Remote	Low	Low	Medium	Medium	Significant

- e. Respond to risks:
The Group adopts the **4T**s strategy in responding to the identified risks and qualify these according to the acceptable levels.

Take	Treat	Transfer	Terminate
Intentionally taking risk due to inherent / unavoidable risk or to pursue / sustain higher returns, with informed approval by appropriate level of management and/or Board	Mitigation plans established to reduce the likelihood & impact	Transfer the risk by moving the risk to 3rd party but accountability still resides with Risk Owners	Avoidance by not to proceed or continue with a particular activity or seeking alternative means to achieve objective

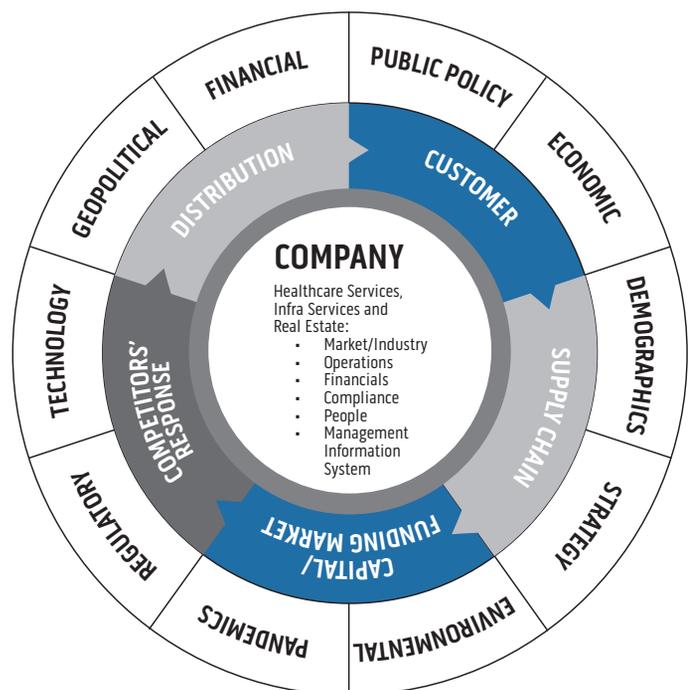
- f. Monitor, review and report risks:
Risk events and trends to be continually scanned, assessed and monitored and similarly risk responses are monitored continuously to ensure that risk responses are operating as designed and expected.
- g. Communicate:
Communication is required for an effective risk management programme. Changing business condition continuously alter the risk profile of an entity, hence, frequent and explicit conversation about risk is vital to maintain continued awareness and management of key risks.

Risk Identification Process

Risks are those internal or external factors which could affect/influence the achievement of business objectives either positively or negatively.

- Risk waterfall is used to systematically identify the 1st, 2nd and 3rd order effects of each risk event; link some of the events into cascades:
 - a) 1st Order Effects:
Effects that have a direct impact on financial performance.
 - b) 2nd Order Effects:
Effects that have an indirect impact on financial performance; they influence another element in industry or value chain consequently altering the dynamics in the marketplace.
 - c) 3rd Order Effects:
Effect of macroeconomic that affect the entire economy.

Watch for Independent & Cascading Risk Drivers



Summary of Risk Management Activities

Risk management activities that were undertaken at both the Company and subsidiary levels to instil a proactive risk management culture and ownership are as follows:

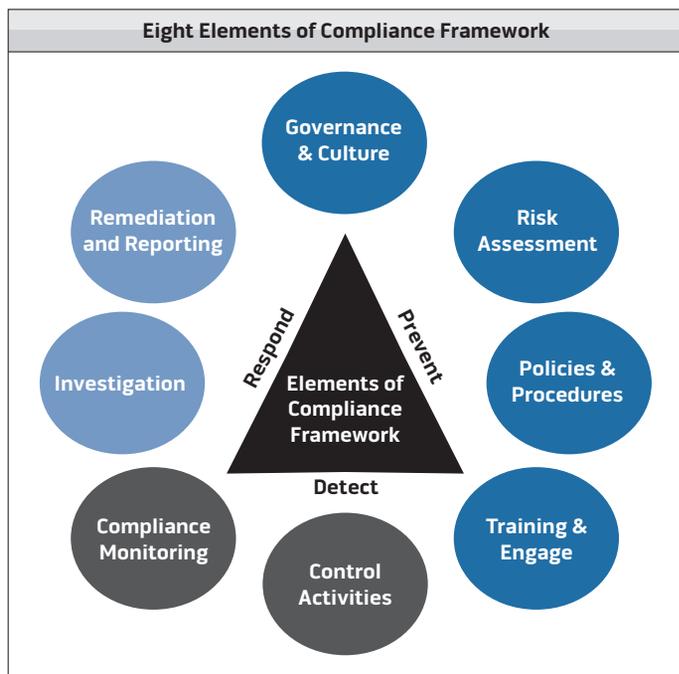
- Periodic risk awareness briefing, risk identification and mitigating action plans workshops are conducted as continuous efforts to inculcate proactive risk-aware culture within the Group.
- Risk Management Status Reports are produced quarterly at the minimum and are presented to the RMC, ARC and Board of Directors for deliberation and approval.
- Quarterly review and monitoring implementation of risk action plans by the risk management team.
- Identification and reporting of emerging risks and mitigation plans to the RMC, ARC and Board of Directors for deliberation and approval.
- Provides risk management consultation and advisory services to projects, investment and potential business leads.

Ethics and Compliance

Ethics and compliance are the foundation and values in our day-to-day decision-making and business practices. UEM Edgenta is committed to maintaining an effective compliance program consistent with our Code of Conduct and applicable regulations.

Compliance Framework

A Compliance Framework has been formalised and approved by the Board of Directors. Such Framework aims to establish and embed the culture of ethics and integrity, consistent with the values of the organisation and promote the culture of commitment to lawful and ethical behaviour.



Prevent	
Governance & Culture	<ul style="list-style-type: none"> • The 'tone from the top' • Clear corporate objectives highlighting integrity and ethical values
Risk Assessment	<ul style="list-style-type: none"> • Risk identification and assessment • Regularly reviewed, to include emerging risks
Policies & Procedures	<ul style="list-style-type: none"> • Clear accessible policies, standards and procedures • Clear policies and procedures on action following any breach or incident
Training & Engage	<ul style="list-style-type: none"> • Effective communication of policies, standards and procedures, and of updates and changes • Open lines of communication for inquiry and help ('up' and 'down')
Detect	
Control Activities	<ul style="list-style-type: none"> • Procedures established and embedded and control activities occur • Continuous oversight by 1st line management • Identification of tools used to manage the risks
Compliance Monitoring	<ul style="list-style-type: none"> • Timely and ongoing monitoring
Respond	
Investigation	<ul style="list-style-type: none"> • Incident investigation in line with policies and procedures and conducted timely • Consistent and fair consequence management
Remediation & Reporting	<ul style="list-style-type: none"> • Reporting results of control activities, monitoring, audits, incidents, and corrective actions including progress reporting • Corrective actions addressed, tracked and documented

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Whistle blower Policy

UEM Edgenta is committed to the highest standards of professionalism, honesty, integrity and ethical behaviour in the conduct of its business and operations. Therefore, the Group has established Whistle Blower Policy which provides all the employees and members of the public a secure mechanism for reporting suspected compliance violations.

Anyone who has knowledge or aware of any improper conduct committed or about to be committed within the Group is encouraged to report such matters, in good faith, without fear of reprisal.

Authorities' Raid Procedure

The Procedure serves as a guide to response to authorities' raid, both to ensure that the UEM Edgenta fulfils its legal obligations and at the same time, that the legal rights of the UEM Edgenta are respected. It is also important to minimise the impact of the raid on the day-to-day business and reputation of the UEM Edgenta.

Organisational Structure

The organisational structure of the Group is clear and detailed, defining the roles, responsibilities and reporting line of the various Committees of the Board; Management of the Corporate Office and subsidiaries; departments and individuals.

The Board appoints the Managing Director/Chief Executive Officer of the Group, Chief Operating Officer, Chief Financial Officer, Chief Human Resource Officer, Heads of Companies of the subsidiaries within the Group as well as critical roles positions.

The organisational structure is reviewed regularly to assess its effectiveness and to ensure that it is in line with any change in business requirements.

Operating Plans and Strategies

The Group undertakes a comprehensive annual budgeting and forecasting exercise to ensure that the development of business plan for respective operating divisions are in line with the Group's 5-year operating plan, short term and long term strategic plans.

Each operating division is responsible for carrying out a comprehensive analysis and identify the strategic priorities as part of the formation process of the Group annual operating plan, 5-year operating plan and strategic plan. It also includes the establishment of Key Performance Indicators ("KPI") which is deliberated and approved by the Board and the Board of UEM Group Berhad on a yearly basis.

The approved annual operating plan, 5-year operating plan and strategic plan are then cascaded to the senior management team members across the Group's operating divisions for planning and execution.

The Group monitors the business performance of respective operating divisions through its KPI and measures it against the approved annual operating plan, 5-year operating plan and strategic plan on a regular basis in the management reports. The management reports analyse and highlight variances against the plan after taking into consideration the macroeconomic sentiments and associated business risks. Similar reports and results are reviewed by the Board on a quarterly basis.

The management is responsible for identifying and executing any mitigation action, where necessary.

Employee's Authority and Responsibility

The respective Head of Divisions/Departments defines the authority and responsibility of each employee as specified in the Job Description.

The establishment of performance monitoring serves as a tool to monitor performance against the set KPI and targets at various levels, covering key financials, customers, internal business processes and learning and growth indicators.

Discretionary Authority Limits

Clear delegation of authority is defined in the Discretionary Authority Limits ("DAL"), which sets the limit for strategic, operating and capital decisions and expenditures as well as decision authority for each level of Management within the Group, and also the Board's authority.

The DAL is reviewed from time to time to ensure effectiveness of strategic and operational executions.

Procurement

As a member of UEM Group Berhad, UEM Edgenta is guided by UEM Group's Procurement Policy. We have established a Standard Operating Procedure (SOP) aligned to the Group Procurement Policy encompassing three key areas, namely, General Procurement, Project Tender & Outsourcing and Contract Management. The potential risks with regard to these three areas is mitigated through procedural governance and compliance as detailed in the SOP. The SOP is reviewed periodically and updated as and when required to ensure continuous improvement in internal controls and taking into consideration process improvement as well any new changes in the group procurement policy. We have included new additional provisions for Compliance with HSSE Management Requirements in the procurement terms and conditions to enhance safety awareness and accountability amongst our contractors.

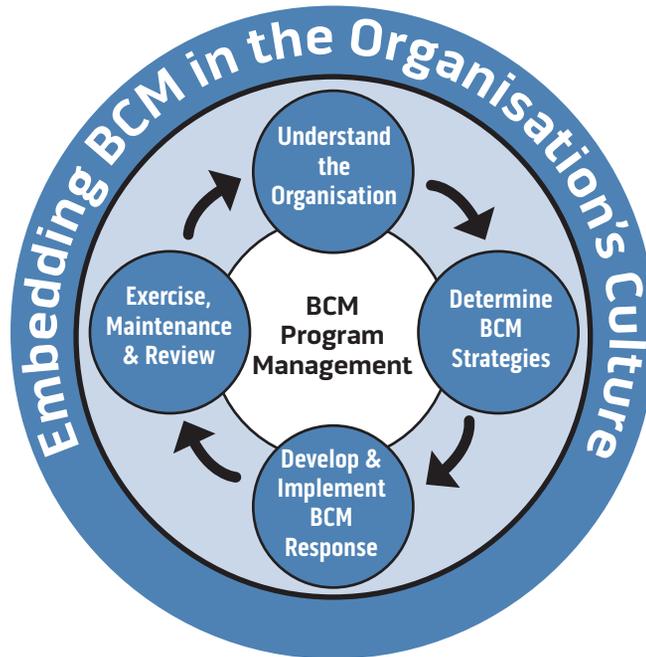
Insurance on Assets

Sufficient insurance coverage and physical safeguards on the Group assets, including its human resources are in place to ensure adequate coverage against any mishap that could result in material loss. Coverage typically includes damage to or theft of assets; liability coverage for the legal responsibility to others for accidents, bodily injury or property damage; and medical coverage for the cost of treating injuries and illness, rehabilitation and death.

Insurance coverage is reviewed regularly to ensure sufficient coverage in view of changing business environment or assets.

Business Continuity Management ("BCM")

UEM Edgenta has completed the BCM life cycle phases for its corporate office.



BCM Lifecycle

The program included key exercises such as Call Tree Exercise and Desktop Walk-Through Exercise. These exercises cover the areas of crisis communication, IT disaster recovery plan, emergency response plan and business continuity plan.

Below is the summary of the BCM Lifecycle activities and deliverables:

BCM PROGRAM MANAGEMENT	UNDERSTAND THE ORGANISATION	DETERMINE BCM STRATEGIES	DEVELOP & IMPLEMENT BCM RESPONSE	EXERCISE, MAINTENANCE & REVIEW	EMBEDDING BCM IN THE ORGANISATION'S CULTURE
ACTIVITIES					
<ul style="list-style-type: none"> Review BCM Programs and Roadmaps Review & establish BCM Organisation Structure Develop and approve BCM Program & Activities Monitor BCM Initiatives 	<ul style="list-style-type: none"> Identify, review and assess risk Review and develop Questionnaire Review and update Questionnaire Conduct round table discussion Validate data Approval & finalise summary findings 	<ul style="list-style-type: none"> Develop & revise recovery strategy Cost & benefit analysis Review & validate data Approval 	<ul style="list-style-type: none"> Document & update Recovery Plan Set-up alternate sites, infra-structure & facilities Validate data & approval Endorsement Distribution of plans 	<ul style="list-style-type: none"> Prepare & approve Exercise/testing activities Pre-test & check point activities Conduct test Post test activities Report submission Update plan Review & approval Endorsement 	<ul style="list-style-type: none"> Design awareness & training program

BCM Lifecycle Activities & Deliverables

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

As per BCM Framework, UEM Edgenta recognises that execution of the above BCM exercises is essential to deliver uninterrupted critical services which ensures the Group responding swiftly and appropriately in the event of disruption.

Through these BCM programme, numerous engagements have been undertaken with internal stakeholders on their ownership of business continuity plan, improved understanding of managing crisis and disruptions and an opportunity to appraise and improve resilience and recovery knowledge.

UEM Edgenta will continue to safeguard the interest of our stakeholders by ensuring the ability of business operations to recover and resume from a crisis through the implementation of BCM across the Group.

Human Resources Management

The internal control of UEM Edgenta Berhad is realised and supported by a formal organisational structure. This official structure is made of defined lines of authority, responsibility and accountability. These lines of authority, responsibility and accountability are continuously and transparently updated and improved to demonstrate good governance.

Talent acquisition policies and guidelines are established within UEM Edgenta Berhad and its subsidiaries to ensure that the right candidates with the right competencies are selected to fill available positions at the right time. Potential candidates are subjected to a structured recruitment process which involves multiple behavioural interviews and psychometric assessments.

To ensure that we are able to develop a capable, agile and competitive workforce, employees are provided with structured internal training, mobility opportunities and external development programmes. Technical skills training is also prioritised through the development of a technical competency framework and subsequent development interventions. These interventions are tied back to Individual Development Plan of our employees.

As a member of UEM Group Berhad, UEM Edgenta Berhad is also guided by UEM Group's Performance Management Policy. The existing performance management system has been refined and updated via Align Collaborate Execute (ACE) System to monitor and manage employees' performance. People managers are continuously coached and trained to ensure a robust performance management.

Management Information System ("MIS")

In the era of Industrial Revolution 4.0, the Group is increasingly investing in tools and solutions that allow processes, people and technology to be integrated into a single integrated network for data collection, data analysis, the evaluation of organisation development, and performance improvement. The Group has also embarked on cloud computing through partnership with Microsoft, using Microsoft Azure cloud platform to host, deploy and manage systems and applications.

With cloud computing, the Group does not have to deploy extensive hardware, configure and manage networks and infrastructure in IoT deployments. As a result, this has helped to speed up development process while cutting down on development cost. The investment in cloud computing also offers the Group the ability to better oversee and manage a variety of its core business operations.

Processes and policies surrounding cloud computing is in place to ensure the integrity and safety of data of both the Company and users.

Disaster Recovery Planning

Disaster Recovery Planning for the Group is a subset of Business Continuity Management (BCM). Data, systems and applications that are stored in the cloud ensures it is backed up and protected in a secure and safe location. Being able to access company's data again quickly allows us to conduct business as usual, minimising any downtime and loss of productivity.

Internal Audit

The Group has established its own Internal Audit Department ("IAD") and the internal audit functions of the Group were undertaken by the IAD auditors. The reviews are based on the Annual Audit Plan approved by the ARC. The results of such reviews are reported regularly to the ARC. The ARC holds regular meetings to deliberate on findings and recommendations for improvements by both the internal and external auditors on the state of the internal control system, and report back to the Board.

The Group has also established a Management Audit Committee ("MAC") to ensure effective actions are taken to address internal control weaknesses and proper closures of all audit issues highlighted by the IAD. The MAC is chaired by the MD/CEO and holds its meeting regularly.

Internal control weaknesses identified during the financial period under review have been or are being addressed by the management. None of the weaknesses have resulted in any material loss that would require disclosure in the Group's financial statements.

Our Sustainability Commitment

We recognise that as an Asset Management and Infrastructure Solutions Company, our role transcends beyond the ordinary. We are determined to preserve the economic value and benefits of critical infrastructure and other assets under our care, making it sustainable for our future generations.

In undertaking our sustainability commitment, UEM Edgenta and its subsidiaries are guided by its Sustainability and Corporate Responsibility Policies. Both the mentioned policies are accessible in the Company's website at www.uemedgenta.com.

The Group also adopts Bursa Malaysia's Sustainability Reporting Guide & Toolkits and the Global Reporting Initiatives ("GRI") Standards to report its Economic, Environmental and Social ("EES") performance on material matters of our businesses and value chain in the annual report which is accessible in the Company's website at www.uemedgenta.com.

ASSURANCE FROM MANAGEMENT

The Board has received assurance from the Managing Director/Chief Executive Officer and Chief Financial Officer that a review on the adequacy and effectiveness of the risk management framework and internal control system has been undertaken and the Group's risk management and internal control system are operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The External Auditor have performed limited assurance procedures on this Statement on Risk Management and Internal Control in accordance with Malaysian Approved Standard on Assurance Engagements, ISAE 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information and Audit and Assurance Practice Guide 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the Annual Report of the Group for the year ended 31 December 2018, and reported to the Board that nothing has come to their attention that causes them to believe that the statement is not prepared, in all material respects, in accordance with the disclosure required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor is the Statement factually inaccurate.

This Statement on Risk Management and Internal Control was approved by the Board on 22 March 2019.

CONCLUSION

The Board is of the view that the risk management and internal control system are in place for the year under review, and up to the date of approval of the Statement on Risk Management and Internal Control, are sound and sufficient to safeguard shareholders' interests and the Group's assets.

AUDIT AND RISK COMMITTEE REPORT

THE BOARD IS PLEASED TO PRESENT THE AUDIT AND RISK COMMITTEE ("ARC") REPORT WHICH PROVIDES INSIGHTS ON HOW THE ARC DISCHARGE ITS FUNCTION AND DUTIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018.

The Audit and Risk Committee assists the Board in its oversight of the Company's financial reporting, and in fulfilling its fiduciary responsibilities relating to internal controls. This includes risk management, maintenance of financial and accounting records and setting policies as well as financial reporting practices of the Group. It also reviews related party transactions and conflict of interest situations that may arise within the Group.

COMPOSITION

The ARC consists of three (3) members, all of whom are Non-Executive Directors, with a majority of them being Independent Directors. This complies with Paragraph 15.09(1)(a) and (b) of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities").

The ARC Chairman, Mr. Robert Tan Bun Poo, is a member of the Malaysian Institute of Accountants (MIA) and the Malaysian Institute of Certified Public Accountants. With two (2) ARC members being members of the Malaysian Institute of Accountants, the Company meets the requirement of Paragraph 15.09(1)(c)(i) of the Listing Requirements.

The members of ARC are as follows:-

Name of ARC Members	Directorship
Robert Tan Bun Poo** (Chairman)	Independent Non-Executive Director
Elakumari Kantilal*	Non-Independent Non-Executive Director
Emily Kok (Appointed on 1 June 2018)	Independent Non-Executive Director
Dr. Saman @ Saimy Ismail (Resigned on 1 June 2018)	Independent Non-Executive Director

* Member of the Malaysian Institute of Accountants

^ Member of the Malaysian Institute of Certified Public Accountants

MEETINGS

A total of six (6) meetings were held during the financial year ended 31 December 2018 and the attendance of the ARC members are as follows:-

Name of ARC Members	No. of meetings attended
Robert Tan Bun Poo (Chairman)	6/6
Elakumari Kantilal	6/6
Emily Kok (Appointed on 1 June 2018)	2/2
Dr. Saman @ Saimy Ismail (Resigned on 1 June 2018)	4/4

SUMMARY OF WORK OF THE ARC

During the year, the Chairman of ARC met the Head of Risk Management and Head of Internal Audit regularly, including pre-meeting discussions of their activities and reports.

In line with the terms of reference of the ARC, the following works were carried out by the ARC during the financial year ended 31 December 2018:-

A. FINANCIAL STATEMENTS AND CORPORATE GOVERNANCE

- Reviewed the quarterly and annual financial statements of the Company and of the Group; and recommended them for Board's approval, focusing particularly on:-
 - appropriateness and relevance of accounting policies and practices adopted and their application;
 - any significant non-recurrent or unusual year-end transactions made or events occurred during the year;
 - any significant changes to the basis of preparation of the financial statements or new accounting standards adopted during the year which impacted the result or financial position of the Group;
 - the going concern assumption used in the preparation of the financial statement;
 - significant accounting matters highlighted which included financial reporting issues, estimates or judgements made by Management, unusual events or transactions, and how these matters are addressed; and
 - compliance with financial reporting standards and other regulatory requirements.
- Reviewed non-recurrent and recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations in the ordinary course of business of the Company and its subsidiaries to ascertain as to whether they are undertaken on an arm's length basis on normal commercial terms not more favourable to the related parties than those generally available to the public or those extended to unrelated parties and are not detrimental to the minority shareholders.
- Reviewed the Circular to Shareholders in respect of the proposed shareholders' mandate for recurrent related party transactions and proposed new mandate for additional recurrent related party transactions of a revenue or trading nature.
- Reviewed and recommended the Corporate Governance Overview Statement, Corporate Governance Report and ARC Report, to the Board for its approval.
- Reviewed the Terms of Reference of the ARC to reflect the changes of the Malaysian Code on Corporate Governance issued by Securities Commission of Malaysia and Listing Requirements issued by Bursa Securities, and subsequently recommend to the Board for approval.

B. INTERNAL AUDIT

1. Reviewed the Annual Internal Audit Plan which included the planning methodology, manpower requirement and proposed audit activities planned to ensure scope and coverage are adequate and comprehensive.
2. Reviewed the overall performance of the Internal Audit function to ensure its effectiveness in meeting audit objectives and professional standards.
3. Reviewed and deliberated the internal audit findings and observation arising from planned and ad hoc audit and considered their recommendation to Management for improvement in internal control process.
4. Discussed with Internal Audit, their follow-up on corrective action taken by Management on audit issues to ensure that all the key risks and control lapses have been addressed.

C. RISK MANAGEMENT & COMPLIANCE

1. Reviewed prior to the Board's approval, the updated Risk Management Framework, Risk Profile and Risk Appetite prepared by Management's Risk Committee to ensure they are relevant and consistent with the Group's business strategy and level of operations in safeguarding the Group's assets and profitability.
2. Reviewed and recommended the Compliance Framework to the Board for its approval.
3. Reviewed and recommended the quarterly Risk Management Status Reports to the Board.
4. Reviewed the adequacy and effectiveness of the overall risk management process.
5. Reviewed and recommended the Statement on Risk Management and Internal Control to the Board for approval.
6. Reviewed and noted the Compliance Plan, Authorities' Raid Procedure and whistle blower reporting.

D. EXTERNAL AUDIT

1. Reviewed with the External Auditors:-
 - a) The audit plan, audit methodology and scope of work, especially on areas identified for audit focus for the year;
 - b) Their comments and issues arising from their annual audit, their audit report and management letter of comments on the group internal control;
 - c) The key audit matters highlighted for inclusion in the audit report and the audit process in addressing them; and
 - d) The Group's financial reporting process including consolidation.
2. Assessed the objectivity, suitability and independence of the External Auditors in carrying out their audit during the year and this included their appointment for non-audit services.
3. Evaluated the performance of the External Auditors and recommended their re-appointment to the Board of Directors.
4. Reviewed with the External Auditors on 23 November 2018 and 18 February 2019 without the presence of the Managing Director/Chief Executive Officer and Management, on any concerns/issues affecting their audit, the results of audit, including the level of cooperation rendered by Management in respect of their access to financial information and accounting records.

5. Reviewed and recommended the appointment of the Company's External Auditors for the provision of non-audit services, for the projects undertaken by the Company after assessing and considering the following:-

- a) The nature of the non-audit services provided by the external auditors or its affiliates and fees paid for such services relative to the audit fee;
- b) The scope of work as required are permitted under the Malaysian Institute of Accountants By-Laws; and
- c) The services should not impair their independence or there are safeguard in place to ensure that there is no threat to the objectivity and independence of the audit arising from the provision of non-audit services or tenure of the external auditors.

INTERNAL AUDIT FUNCTION

Internal Audit Department ("IAD") is established as an independent appraisal function to assist both the ARC and the Board of Directors in discharging their duties and to provide assurance to the Management and the Board of Directors that all aspects of the operations of the Company are functioning within the acceptable limits and expectations. The IAD carries out the internal audit function of the Group. The Head of the Internal Audit reports functionally to the ARC and administratively to the Managing Director/Chief Executive Officer of the Company.

The information on the resources, objectivity and independence of the Head of Internal Audit and internal auditors are provided in the Corporate Governance Report in accordance with Practice 10.2 of the Malaysian Code on Corporate Governance 2017.

The total cost incurred for the internal audit function for financial year ended 31 December 2018 is approximately RM 1,338,000.00, comprising mainly salaries and traveling expenses for audit assignments.

Activities

The activities undertaken by IAD are in conformance with the International Professional Practice Framework (IPPF) on Internal Auditing issued by the Institute of Internal Auditors (IIA).

It is the responsibility of the internal audit function to provide the ARC with independent and objective reports on the state of internal control of the various operating entities within the Group, and the extent of compliance of the divisions with the Group's established policies and procedures as well as relevant statutory requirements. Whenever there was any significant issue, the IAD has it monitored closely and adequately addressed by the Management. The status and closure of audit issues are presented at each planned ARC meeting.

The audit plan had also incorporated the Group's identified risks and focused on those which would have most impacted the business objectives of the Group. Among the focus areas are safety, health & environment risks, operational risks, financial risks as well as the order book risks.

During the year, the IAD had carried out fourteen (14) audit assignments. The IAD had also worked closely with Group Internal Audit ("GIA") of UEM Group Berhad in audits that require specific skills and knowledge not available within the IAD. Representatives of IAD were invited to and had attended all the planned ARC meetings during the year.

The scope of the planned independent audit assignments cover the following:-

1. HQ Audits Over Corporate and Support Services.
2. Operational audits in Infrastructure Services, Healthcare Support and Property & Facility Solutions.

ADDITIONAL COMPLIANCE INFORMATION

DIRECTORS' RESPONSIBILITY STATEMENT IN RESPECT OF FINANCIAL STATEMENTS

The Directors are required to prepare the financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year and of the results and cash flows of the Group and of the Company for the financial year then ended.

The Directors consider that, in preparing the financial statements for the financial year ended 31 December 2018, the Group has used appropriate accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent. The Directors also consider that all applicable Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia have been followed and confirm that the financial statements have been prepared on a going concern basis.

The Directors are responsible for ensuring that the Group and the Company keep accounting records which disclose with reasonable accuracy at any time the financial position of the Group and of the Company and which enable them to ensure that the financial statements comply with the applicable Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The Board is satisfied that it has met its obligation to present a balanced and fair assessment of the Company's position and prospects in the Directors' Report on pages 130 to 135 and the Audited Financial Statements from pages 143 to 259 of this Annual Report.

NON-AUDIT FEES

	Company RM'000	Group RM'000
Statutory audit fees paid/payable to external auditors	138	1,236
Non-audit fees paid/payable to external auditors	340	340

The Company engaged the external auditors for the following non-audit works:

- Review of Statement on Risk Management and Internal Control
- Advisory support to achieve planned synergies and integration on newly acquired company

MATERIAL CONTRACTS

Other than those disclosed in the financial statements and the recurrent related party transaction section in this Annual Report, there were no material contracts including contracts to any loans entered into by the Company and its subsidiaries involving Directors' and major shareholders' interests.

UTILISATION OF PROCEEDS

In 2017, the Company had established the Islamic Commercial Papers ("ICPs") and Islamic Medium Term Notes ("IMTNs") under an Islamic Commercial Papers Programme ("ICP Programme") and Islamic Medium Term Notes Programme ("IMTN Programme") respectively, which have a combined aggregate limit of up to RM1,000.0 million in nominal value and sub-limit of RM300.0 million in nominal value for the ICP Programme under the Shariah Principle of Murabahah via a Tawarruq Arrangement.

On 26 April 2018, the Company completed the issuance of RM50.0 million in nominal value of ICPs with a tenor of 12 months under the ICP Programme.

The proceeds raised was utilised to redeem the outstanding ICPs amounting to RM50.0 million on the said ICP Programme which was issued on 26 April 2017 and matured on 26 April 2018.

A summary of the transactions and utilisation of the proceeds is outlined below:

Issuance Date	Type	Maturity Date	Nominal Value (RM million)	Proceeds Utilisation
26 April 2018	ICPs	April 2019	50	For Shariah-compliant general corporate purposes.
26 April 2017	IMTNs	April 2022	250	For Shariah-compliant general corporate purposes.

REVALUATION POLICY

The Company has not adopted a regular revaluation policy on landed properties.

RECURRENT RELATED PARTY TRANSACTIONS

The Company proposes to seek approval of its shareholders for the renewal of mandate for recurrent related party transactions and the proposed new shareholders' mandate for additional recurrent related party transactions of a revenue and trading nature which is in the ordinary course of business at the forthcoming Annual General Meeting of the Company to be held on 15 May 2019.

Please refer to pages 264 to 281 of this Annual Report on the disclosure of the recurrent related party transactions conducted during the financial year ended 31 December 2018 pursuant to the shareholders' mandate approved at the last Annual General Meeting.

Financial Statements



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DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2018.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services to its subsidiaries.

The principal activities and other information of the subsidiaries, joint ventures and associates are described in Note 45 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Profit after tax	152,361	36,949
Attributable to:		
Owners of the parent	148,430	36,949
Non-controlling interests	3,931	–
	152,361	36,949

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than the impairment loss on investment in a subsidiary amounting to RM129.0 million, as further disclosed in Note 17 to the financial statements.

DIVIDENDS

The amounts of dividends paid by the Company since 31 December 2017 were as follows:

	RM'000
In respect of the financial year ended 31 December 2017 as reported in the directors' report of that year:	
Single tier special dividend of 18.00 sen on 831,624,030 ordinary shares declared on 20 February 2018 and paid on 18 April 2018	149,692
Single tier second interim dividend of 5.00 sen on 831,624,030 ordinary shares declared on 20 February 2018 and paid on 17 May 2018	41,582
In respect of the financial year ended 31 December 2018:	
Single tier interim dividend of 6.00 sen on 831,624,030 ordinary shares declared on 29 August 2018 and paid on 31 October 2018	49,897
	241,171

On 25 February 2019, the Board of Directors has declared a single tier second interim dividend of 8.00 sen per ordinary share, on 831,624,030 ordinary shares, amounting to RM66,529,922, to be paid on 9 May 2019. The entitlement date is 18 April 2019. The financial statements for the current financial year do not reflect this dividend. The dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2019.

The Directors do not recommend the payment of any final dividend in respect of the current financial year.

DIRECTORS

The names of the directors of the Company in office since the beginning of the financial year to the date of this report are:

Amir Hamzah bin Azizan	
Dato' Azmir Merican bin Azmi Merican*	
Tan Bun Poo	
Dr. Saman @ Saimy bin Ismail*	
Elakumari a/p Kantilal	
Juniwati Rahmat Hussin	
Dato' George Stewart LaBrooy	
Emily Kok	(Appointed on 30 March 2018)
Rowina Ghazali Seth	(Appointed on 1 August 2018)
Dato' Noorazman bin Abd Aziz	(Appointed on 2 October 2018)
Mohd Shahazwan bin Mohd Harris	(Appointed on 22 October 2018 and
(Alternate to Dato' Noorazman bin Abd Aziz)	resigned on 28 February 2019)
Dato' Mohd Izzaddin bin Idris*	(Resigned on 2 October 2018)

* These directors are also directors of certain subsidiaries of the Company.

The names of the directors of the subsidiaries of the Company since the beginning of the financial year to the date of this report (not including those directors listed above) are:

Ahmad Zamri bin Said
 Alastair Douglas McCracken
 Chan Cheow Hong
 Chen Yen-Yu
 Chin Chi Haw
 Dr. Tee Kim Siong
 Fardan bin Abdul Majeed
 Haji Zohari bin Mahur
 Huang Wan Hung
 Jesudason Selvaraj
 John Bong Kim Fook
 Lim Wah Seng
 Low Chee Yen
 Mazli bin Mohamed Ayob
 Muhammad Noor bin Abd Aziz @ Hashim
 Nurolamin bin Abas
 Philippa Smith Lambert
 Primoehadi Notowidigdo
 Saeed Abdulla Omar Saeed Al Amoudi
 Sharon Ruba a/p Krishnamurthy
 Sitthambaranatha Gandhi Suppiah
 Sivaramakrishnan Narayanan Ayakkad
 Sofia binti Zakaria
 Suriana binti Abdul Hamid
 Tan Cheh Tian
 Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong
 Tan Sri Datuk Chen Lok Loi

DIRECTORS' REPORT

DIRECTORS (CONT'D.)

The names of the directors of the subsidiaries of the Company since the beginning of the financial year to the date of this report (not including those directors listed above) are: (Cont'd.)

Tan Wan San

(Alternate to Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngı Chong)

Tay Tuan Leng

Azmy bin Mahbot

(Appointed on 28 February 2018)

Dr. Chan Tuck Leong

(Appointed on 30 May 2018)

Graeme Walwyn

(Appointed on 30 January 2018)

Mohd Azlan bin Abas

(Appointed on 16 April 2018)

Mohamad Zamani bin Razali

(Appointed on 4 January 2018)

Mohd Razif bin Mohd Yusoff

(Appointed on 30 January 2018)

Rakesh Devasish Jena (Alternate to Chin Chi Haw)

(Appointed on 21 March 2018)

Ramlan bin Khamis

(Appointed on 18 June 2018)

Roli Shukla

(Appointed on 30 March 2018)

Paul Sandanasamy Richard

(Appointed on 15 January 2019)

Paul Sandanasamy Richard

(Appointed on 28 February 2018 and

(Alternate to Azmy bin Mahbot)

resigned on 15 January 2019)

Siti Aishah binti Md Lassim

(Appointed on 30 January 2018 and

resigned on 2 September 2018)

Mohamed bin Rastam Shahrom

(Appointed on 1 January 2018 and

resigned on 15 January 2019)

Adnan Mohammad

(Resigned on 13 September 2018)

Ahmad Yusri bin Yahaya

(Resigned on 31 July 2018)

Anwar Syahrin bin Abdul Ajib

(Resigned on 1 August 2018)

Dato' Jezilee bin Mohamad Ramli

(Resigned on 3 August 2018)

Ikmal Hijaz bin Hashim

(Resigned on 13 September 2018)

Ir. Wan Nor 'Azman bin Wan Salleh

(Resigned on 31 July 2018)

Kamaludin bin Othman

(Resigned on 13 September 2018)

Muhammad Fadzil bin Abdul Hamid

(Resigned on 31 July 2018)

Muhinder Singh Dasoundha Singh

(Resigned on 13 September 2018)

Tuan Farezuddeen Ahmad bin Tuan Ibrahim

(Resigned on 13 September 2018)

Zulkiflee bin Omar

(Resigned on 31 May 2018)

Amy Mokhzani bin Mohamad

(Resigned on 4 January 2018)

(Alternate to Dr. Tee Kim Siong)

(Resigned on 4 January 2018)

Zulaifah binti Abdul Ghani

(Resigned on 28 February 2018)

Cheah Ho Chee

Directors of a subsidiary that has been struck off during the year:

Datuk Nik Airina binti Nik Jaffar

(Struck off on 1 November 2018)

Neo Chal Ying

(Struck off on 1 November 2018)

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full time employee of the Company as shown below) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

The directors' benefits are as follows:

	Group RM'000	Company RM'000
Executive:		
Salaries and other emoluments	991	991
Bonus	98	98
Contributions to defined contribution plans	163	163
Allowances	60	60
Benefits-in-kind	39	39
	1,351	1,351
Non-Executive:		
Fees	1,323	1,188
Benefits-in-kind	43	43
	1,366	1,231
Total	2,717	2,582

During the financial year, the directors and officers of the Company are covered under the Directors and Officers Liability Insurance ("D&O Insurance") in respect of liabilities arising from acts committed in their respective capacity as, inter alia, the directors and officers of the Company subject to the terms of the D&O Insurance policy, procured by UEM Group Berhad, for all its group companies. The apportioned insurance premium for the Company was RM40,016.

DIRECTORS' INTEREST

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

	← Number of ordinary shares →			
	As at 1 January 2018	Acquired	Disposed	
Direct interest:				
<i>UEM Edgenta Berhad</i>				
Amir Hamzah bin Azizan	–	75,000	–	75,000
Dato' Azmir Merican bin Azmi Merican	–	70,000	–	70,000

None of the other directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

DIRECTORS' REPORT

HOLDING COMPANIES

The Company regards UEM Group Berhad and Khazanah Nasional Berhad, both incorporated in Malaysia, as its immediate and ultimate holding companies respectively.

OTHER STATUTORY INFORMATION

- (a) Before the income statements, statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
- (i) it necessary to write off any bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent; and
 - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability in respect of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

SIGNIFICANT EVENTS

The details of the significant events are disclosed in Note 46 to the financial statements.

SUBSEQUENT EVENT

The details of the subsequent event are disclosed in Note 47 to the financial statements.

AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Auditors' remuneration is as follows:

	Group RM'000	Company RM'000
Ernst & Young	952	149
Other component auditors	295	–
	<hr/> 1,247	<hr/> 149

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young for the financial year ended 31 December 2018.

Signed on behalf of the Board in accordance with a resolution of the directors dated 22 March 2019.

Amir Hamzah bin Azizan

Dato' Azmir Merican bin Azmi Merican

STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act 2016

We, Amir Hamzah bin Azizan and Dato' Azmir Merican bin Azmi Merican, being two of the directors of UEM Edgenta Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 143 to 259 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 22 March 2019.

Amir Hamzah bin Azizan

Dato' Azmir Merican bin Azmi Merican

STATUTORY DECLARATION

Pursuant to Section 251(1)(b) of the Companies Act 2016

I, Muhammad Noor bin Abd Aziz @ Hashim, being the officer primarily responsible for the financial management of UEM Edgenta Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 143 to 259 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly
declared by the abovenamed
Muhammad Noor bin Abd Aziz @ Hashim (MIA 39410)
at Kuala Lumpur in the Federal Territory
on 22 March 2019.

Muhammad Noor bin Abd Aziz @ Hashim

Before me,

Kapt. Jasni bin Yusoff (Bersara) (No: W465)
Commissioner of Oaths
Kuala Lumpur

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF UEM EDGENTA BERHAD

(Incorporated in Malaysia)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of UEM Edgenta Berhad, which comprise the statements of financial position as at 31 December 2018 of the Group and of the Company, and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 143 to 259.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditors' responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF UEM EDGENTA BERHAD

(Incorporated in Malaysia)

Report on the audit of the financial statements (cont'd.)

Key audit matters (cont'd.)

Key audit matters in respect of the audit of the financial statements of the Group

(a) Impairment assessment of goodwill

(Refer to Note 16 - Intangible assets, Note 2.4 (f)(i) and (i) - Summary of significant accounting policies: Intangibles assets - Goodwill and Impairment of non-financial assets and Note 2.5 (b)(ii) - Key sources of estimation uncertainty: Impairment of goodwill)

As at 31 December 2018, the carrying amount of goodwill amounted to RM534.1 million, representing 47% and 19% of the Group's total non-current assets and total assets respectively. The Group is required to perform annual impairment assessment on the goodwill by comparing the recoverable amounts of the related cash generating units ("CGUs") or groups of CGUs to its carrying amount.

The Group estimated the recoverable amounts of the CGUs based on value-in-use ("VIU"). Estimating VIU involves the discounting of the estimated future cash inflows and outflows expected to be derived from the CGUs using appropriate discount rates to their present values.

This was our area of focus as the impairment assessment was complex and highly judgemental. The estimation of VIU involved the assessment of possible variations in the amounts and timing of future cash flows, particularly the forecasted revenue, profit margins and long-term growth rate, based on assumptions affected by future market and economic conditions in the respective geographical regions. Judgement was also applied in determining the appropriate discount rate.

Our audit response

In addressing this area of audit focus, we performed, amongst others, the following procedures:

- We obtained an understanding of the methodology adopted by the management in estimating the VIU and assessed whether such methodology is consistently applied and with those used in the industry;
- We assessed the reasonableness of key assumptions used for each CGU, focusing on forecasted revenue, profit margins and long-term growth rate, taking into consideration the current and expected future economic conditions of the respective business segments, industries and geographical regions of the CGUs. We compared the key assumptions against past actual outcomes;
- We involved our internal valuation experts in assessing the reasonableness of the discount rate used and whether the rate used reflects the current market assessments of the time value of money and the risks specific to the asset is the return that investors would require if they were to choose an investment that would generate cash flows of amounts, timing and risk profile equivalent to those that the entity expects to derive from the CGU;
- We performed sensitivity analysis on key assumptions that will significantly affect the VIU of each CGU; and
- We evaluated the adequacy of disclosures of key assumptions to which the outcome of the impairment test is most sensitive.

Report on the audit of the financial statements (cont'd.)*Key audit matters (cont'd.)*Key audit matters in respect of the audit of the financial statements of the Company

(b) Impairment assessment of investment in a subsidiary

(Refer to Note 17 - Investment in subsidiaries, Note 2.4 (i) - Summary of significant accounting policies: Impairment of non-financial assets and Note 2.5 (b)(iii) - Key sources of estimation uncertainty: Impairment of investment in subsidiaries)

As at 31 December 2018, the carrying amount of the investment in Opus Group Berhad ("OGB") amounted to approximately RM761.6 million, representing 40% and 37% of the Company's total non-current assets and total assets respectively. The Company assessed that there was an indication of impairment for its investment in OGB.

Accordingly, the Company performed an impairment assessment to determine the recoverable amounts of OGB which was based on its VIU.

We identified the impairment review as an area of audit focus as the impairment assessment was complex and highly judgemental. Determining the VIU requires management to make an estimate of the amount and timing of the expected future cash flows based on assumptions affected by future market and economic condition. Judgement is also applied in determining the appropriate discount rate to calculate the present value of those cash flows.

Arising from the impairment assessment, the Company recognised an impairment loss of RM129.0 million in relation to its investment in OGB.

Our audit response

In addressing this area of audit focus, we performed, amongst others, the following procedures:

- We obtained an understanding of the methodology adopted by management in estimating the VIU and assessed whether such methodology is consistent with those used in the industry;
- We assessed the reasonableness of key assumptions, focusing on forecasted revenue, profit margins and long-term growth rate, taking into consideration the current and expected future economic conditions of the respective subsidiary. We compared the key assumptions against past actual outcomes;
- We involved our internal valuation experts in assessing the reasonableness of the discount rate used and whether the rate used reflects the current market assessments of the time value of money and the risks specific to the asset is the return that investors would require if they were to choose an investment that would generate cash flows of amounts, timing and risk profile equivalent to those that the entity expects to derive from the subsidiary;
- We performed sensitivity analysis on key assumptions that will significantly affect the recoverable amounts of the investment in the subsidiary; and
- We evaluated the adequacy of disclosures relating to impairment of investment in the subsidiary recorded during the financial year.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF UEM EDGENTA BERHAD

(Incorporated in Malaysia)

Report on the audit of the financial statements (cont'd.)

Information other than the financial statements and auditors' report thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Report on the audit of the financial statements (cont'd.)*Auditors' responsibilities for the audit of the financial statements (cont'd.)*

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also: (cont'd.)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 45 to the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF UEM EDGENTA BERHAD

(Incorporated in Malaysia)

Other matters

1. As stated in Note 2.2 to the financial statements, UEM Edgenta Berhad adopted Malaysian Financial Reporting Standards and International Financial Reporting Standards on 1 January 2018 with a transition date of 1 January 2017. These standards were applied retrospectively by directors to the comparative information in these financial statements, including the statements of financial position of the Group and of the Company as at 31 December 2017 and 1 January 2017, and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year ended 31 December 2017 and related disclosures. We were not engaged to report on the comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the year ended 31 December 2018, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 January 2018 do not contain misstatements that materially affect the financial position as at 31 December 2018 and the financial performance and cash flows for the year then ended.
2. This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young
AF: 0039
Chartered Accountants

Kuala Lumpur, Malaysia
22 March 2019

Chong Tse Heng
No. 03179/05/2019 J
Chartered Accountant

INCOME STATEMENTS

For the year ended 31 December 2018

	Note	Group		Company	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
<i>Continuing operations:</i>					
Revenue	3	2,182,604	2,112,589	241,075	136,058
Cost of sales	4	(1,772,737)	(1,710,615)	–	–
Gross profit		409,867	401,974	241,075	136,058
Other income	5	49,825	70,148	18,294	95,384
Administrative expenses		(202,047)	(214,159)	(71,533)	(77,720)
Selling and marketing expenses		(945)	(1,709)	–	–
Other expenses		(46,315)	(54,460)	(133,166)	(119,009)
Operating profit		210,385	201,794	54,670	34,713
Finance costs	6	(28,433)	(48,525)	(17,721)	(33,614)
Share of profit of associates		16,519	19,653	–	–
Profit before tax	7	198,471	172,922	36,949	1,099
Zakat		(2,850)	(1,636)	–	–
Income tax (expense)/benefit	10	(43,260)	(46,159)	–	125
Profit after tax from continuing operations		152,361	125,127	36,949	1,224
<i>Discontinued operation:</i>					
- Results from operation	17(e)	–	34,724	–	–
- Gain on disposal	17(e)	–	274,909	–	–
Profit after tax from discontinued operation		–	309,633	–	–
Profit after tax		152,361	434,760	36,949	1,224
Profit attributable to:					
Owners of the parent					
- from continuing operations		148,430	124,613	36,949	1,224
- from discontinued operation		–	293,574	–	–
		148,430	418,187	36,949	1,224
Non-controlling interests		3,931	16,573	–	–
		152,361	434,760	36,949	1,224
Earnings per share attributable to owners of the parent (sen)					
- from continuing operations		17.8	15.0		
- from discontinued operation		–	35.3		
	11	17.8	50.3		

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

For the year ended 31 December 2018

	Note	Group		Company	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Profit after tax		152,361	434,760	36,949	1,224
Other comprehensive (loss)/income					
<i>From continuing operations:</i>					
<i>Other comprehensive loss to be reclassified to profit or loss in subsequent periods:</i>					
Exchange differences on translation of foreign operations		(430)	(34,545)	–	–
<i>Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods:</i>					
Remeasurement (loss)/gain on Retirement Benefit Scheme	26	(253)	58	–	–
Remeasurement gain/(loss) on Defined Benefit Pension Scheme	27	104	(160)	–	–
Tax impact on remeasurement loss	10	61	(14)	–	–
		(88)	(116)	–	–
Total other comprehensive loss from continuing operations		(518)	(34,661)	–	–
<i>From discontinued operation:</i>					
<i>Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods:</i>					
Exchange differences on translation of foreign operations		–	(12,531)	–	–
Tax impact on translation of foreign operations	10	–	2,781	–	–
Cumulative exchange differences reclassified to profit or loss upon disposal	17(e)	–	(30,720)	–	–
Net loss on hedge of net investment		–	(14,250)	–	–
		–	(54,720)	–	–

	Note	Group		Company	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
<i>From discontinued operations: (cont'd.)</i>					
<i>Other comprehensive (loss)/income not to be reclassified to profit or loss in subsequent periods:</i>					
Tax impact on hedge of net investment	10	–	3,989	–	–
Remeasurement loss on Defined Benefit Pension Scheme	27	–	(863)	–	–
Tax impact on remeasurement loss	10	–	164	–	–
		–	3,290	–	–
Total other comprehensive loss from discontinued operation		–	(51,430)	–	–
Other comprehensive loss for the year		(518)	(86,091)	–	–
Total comprehensive income for the year		151,843	348,669	36,949	1,224
Total comprehensive income attributable to:					
Owners of the parent					
- from continuing operations		147,882	90,198	36,949	1,224
- from discontinued operation		–	251,131	–	–
		147,882	341,329	36,949	1,224
Non-controlling interests		3,961	7,340	–	–
		151,843	348,669	36,949	1,224

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2018

		Group		
	Note	31 December 2018 RM'000	31 December 2017 RM'000	1 January 2017 RM'000
Assets				
Non-current assets				
Property, plant and equipment	13	185,033	193,447	227,769
Land held for property development	14	477	477	1,115
Prepaid land lease payments	15	2,976	3,063	3,150
Intangible assets	16	731,927	734,411	964,528
Investment in joint ventures		–	–	2,393
Investment in associates	18	61,235	51,283	32,753
Other investments	19	272	272	272
Trade and other receivables	21	128,339	141,736	141,685
Contract assets	22	20,088	–	–
Deferred tax assets	32	12,963	14,523	51,573
		1,143,310	1,139,212	1,425,238
Current assets				
Property development costs		–	–	128,307
Inventories	20	156,778	168,701	36,533
Trade and other receivables	21	768,269	710,487	872,459
Contract assets	22	179,758	261,563	354,458
Tax recoverable		23,032	22,505	29,468
Short term investments	23	107,178	183,425	42,375
Derivative financial instruments		–	–	491
Cash, bank balances and deposits	24	496,293	520,082	640,010
		1,731,308	1,866,763	2,104,101
Asset held for sale	25	3,073	–	–
Total assets		2,877,691	3,005,975	3,529,339

	Note	31 December 2018 RM'000	Group 31 December 2017 RM'000	1 January 2017 RM'000
Equity and liabilities				
Equity attributable to owners of the parent				
Share capital	33	268,074	268,074	207,906
Share premium	33	–	–	60,168
Capital reserve	34	313,856	313,856	313,856
Other reserves	35	(1,018)	(12,803)	78,149
Retained earnings	36	921,397	1,014,229	708,785
		1,502,309	1,583,356	1,368,864
Non-controlling interests		14,459	18,476	168,929
Total equity		1,516,768	1,601,832	1,537,793
Non-current liabilities				
Retirement benefit obligations	26	3,516	3,700	3,857
Defined benefit pension plan	27	1,759	1,904	6,541
Provisions	28	1,872	1,395	17,272
Borrowings	29	408,005	442,539	761,122
Trade and other payables	31	4,552	51,272	30,333
Derivative financial instruments		–	–	5,530
Deferred tax liabilities	32	48,552	49,008	51,581
		468,256	549,818	876,236
Current liabilities				
Retirement benefit obligations	26	940	430	261
Provisions	28	1,620	1,784	17,585
Borrowings	29	124,460	117,222	228,577
Trade and other payables	31	740,199	692,513	749,993
Contract liabilities	22	14,368	27,762	81,869
Derivative financial instruments		–	–	1,409
Income tax payable		11,080	14,614	35,616
		892,667	854,325	1,115,310
Total liabilities		1,360,923	1,404,143	1,991,546
Total equity and liabilities		2,877,691	3,005,975	3,529,339

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2018

			Company	
	Note	31 December 2018 RM'000	31 December 2017 RM'000	1 January 2017 RM'000
Assets				
Non-current assets				
Property, plant and equipment	13	19,088	31,234	28,787
Intangible assets	16	13,550	167	12
Investment in subsidiaries	17	1,789,043	1,918,043	2,029,900
Other investments	19	272	272	272
Trade and other receivables	21	95,754	92,841	338,813
		1,917,707	2,042,557	2,397,784
Current assets				
Trade and other receivables	21	132,205	79,981	2,778
Cash, bank balances and deposits	24	31,399	87,277	86,141
Tax recoverable		451	451	220
		164,055	167,709	89,139
Asset held for sale	25	3,852	–	–
Total assets		2,085,614	2,210,266	2,486,923
Equity and liabilities				
Equity attributable to owners of the parent				
Share capital	33	268,074	268,074	207,906
Share premium	33	–	–	60,168
Capital reserve	34	788,375	788,375	788,375
Other merger reserve	34	482,035	482,035	482,035
Retained earnings	36	91,778	296,000	419,520
		1,630,262	1,834,484	1,958,004

	Note	31 December 2018 RM'000	Company 31 December 2017 RM'000	1 January 2017 RM'000
Non-current liabilities				
Borrowings	29	249,625	249,501	351,703
Trade and other payables	31	93,976	9,331	21,830
Derivative financial instrument		–	–	3,859
		343,601	258,832	377,392
Current liabilities				
Provisions	28	–	200	300
Borrowings	29	52,190	52,190	124,085
Trade and other payables	31	59,561	64,560	27,142
		111,751	116,950	151,527
Total liabilities		455,352	375,782	528,919
Total equity and liabilities		2,085,614	2,210,266	2,486,923

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 December 2018

Group	Attributable to owners of the parent						Total equity RM'000
	Non-distributable				Total RM'000	Non-controlling interests RM'000	
	Share capital (Note 33) RM'000	Capital reserve (Note 34) RM'000	Other reserves (Note 35) RM'000	Retained earnings (Note 36) RM'000			
At 1 January 2018	268,074	313,856	(12,803)	1,014,229	1,583,356	18,476	1,601,832
Profit for the year	–	–	–	148,430	148,430	3,931	152,361
Other comprehensive (loss)/income	–	–	(457)	(91)	(548)	30	(518)
Total comprehensive (loss)/income	–	–	(457)	148,339	147,882	3,961	151,843
Transactions with owners							
Put option granted to non-controlling interests of a subsidiary	–	–	12,242	–	12,242	(2,143)	10,099
Capital repayment to non-controlling interest of a subsidiary	–	–	–	–	–	(3,375)	(3,375)
Dividends paid to:							
- Shareholders of the Company (Note 12)	–	–	–	(241,171)	(241,171)	–	(241,171)
- Non-controlling shareholders of subsidiaries	–	–	–	–	–	(2,460)	(2,460)
	–	–	12,242	(241,171)	(228,929)	(7,978)	(236,907)
At 31 December 2018	268,074	313,856	(1,018)	921,397	1,502,309	14,459	1,516,768

Group	Attributable to owners of the parent							
	Non-distributable					Total	Non-controlling interests	Total equity
	Share capital (Note 33)	Share premium (Note 33)	Capital reserve (Note 34)	Other reserves (Note 35)	Retained earnings (Note 36)			
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1 January 2017	207,906	60,168	313,856	78,149	708,785	1,368,864	168,929	1,537,793
Profit for the year	–	–	–	–	418,187	418,187	16,573	434,760
Other comprehensive loss	–	–	–	(76,317)	(541)	(76,858)	(9,233)	(86,091)
Total comprehensive (loss)/income	–	–	–	(76,317)	417,646	341,329	7,340	348,669
Transactions with owners								
Transfer to share capital*	60,168	(60,168)	–	–	–	–	–	–
Put option granted to non-controlling interests of a subsidiary	–	–	–	(14,635)	–	(14,635)	(23,645)	(38,280)
Disposal of a subsidiary	–	–	–	–	–	–	(108,447)	(108,447)
Dilution of interest in a subsidiary	–	–	–	–	12,542	12,542	3,272	15,814
Dividends paid to:								
- Shareholders of the Company (Note 12)	–	–	–	–	(124,744)	(124,744)	–	(124,744)
- Non-controlling shareholders of subsidiaries	–	–	–	–	–	–	(28,973)	(28,973)
	60,168	(60,168)	–	(14,635)	(112,202)	(126,837)	(157,793)	(284,630)
At 31 December 2017	268,074	–	313,856	(12,803)	1,014,229	1,583,356	18,476	1,601,832

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 December 2018

Company	Share capital (Note 33) RM'000	Share premium (Note 33) RM'000	Capital reserve (Note 34) RM'000	Other merger reserve (Note 34) RM'000	Retained earnings (Note 36) RM'000	Total equity RM'000
At 1 January 2018	268,074	–	788,375	482,035	296,000	1,834,484
Total comprehensive income	–	–	–	–	36,949	36,949
Transaction with owners						
Dividends (Note 12)	–	–	–	–	(241,171)	(241,171)
At 31 December 2018	268,074	–	788,375	482,035	91,778	1,630,262
At 1 January 2017	207,906	60,168	788,375	482,035	419,520	1,958,004
Total comprehensive income	–	–	–	–	1,224	1,224
Transaction with owners						
Transfer to share capital*	60,168	(60,168)	–	–	–	–
Dividends (Note 12)	–	–	–	–	(124,744)	(124,744)
At 31 December 2017	268,074	–	788,375	482,035	296,000	1,834,484

* The Companies Act 2016 ("Act"), which came into effect on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amounts standing to the credit of the share premium account becomes part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of Section 74 of the Act, use the amount standing to the credit of its share premium account of RM60.2 million for purposes as set out in Section 618(3) of the Act. There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

For the year ended 31 December 2018

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Cash flows from operating activities				
Cash receipts from customers	2,302,313	2,084,880	38,944	12,275
Cash payments to suppliers	(1,085,664)	(943,427)	–	–
Cash payments to employees and for expenses	(938,216)	(950,721)	(92,284)	(82,438)
Cash generated from/(used in) operations	278,433	190,732	(53,340)	(70,163)
Interest paid	(26,249)	(35,895)	(14,314)	(21,433)
Taxes paid	(46,145)	(59,988)	–	(106)
Cash flows from discontinued operation	–	56,665	–	–
Net cash flows generated from/(used in) operating activities	206,039	151,514	(67,654)	(91,702)
Cash flows from investing activities				
Proceeds from disposal of property, plant and equipment	5,406	375	5,250	–
Proceeds from disposal of a subsidiary, net of cash disposed (Note 17(e))	–	404,997	–	–
Settlement of remaining consideration for the acquisition of subsidiaries in prior year	–	(19,110)	–	–
Payment of deferred consideration	–	(3,400)	–	–
Investment in associates	–	(21)	–	–
Joint venture equalisation settlement	–	(1,590)	–	–
Placement of short term investments	(100,000)	(194,178)	–	–
Proceeds from withdrawal of short term investments	180,048	53,963	1,793	–
Interest received	9,633	6,607	–	6,718
Dividends received from associates	6,400	2,400	–	–
Dividends received from subsidiaries	–	–	149,037	67,900
Purchase of property, plant and equipment	(50,163)	(92,453)	(722)	(5,001)
Purchase of intangible assets	(9,961)	(13,044)	(4,023)	(210)
Advances to a subsidiary	–	–	–	(18,722)
Advances from a subsidiary	–	–	–	15,500
Repayment from a subsidiary	–	–	101,612	318,427
Cash flows from discontinued operation	–	(5,581)	–	–
Net cash flows generated from investing activities	41,363	138,965	252,947	384,612

STATEMENTS OF CASH FLOWS

For the year ended 31 December 2018

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Cash flows from financing activities				
Proceeds from issuance of ordinary shares to non-controlling interests	–	15,814	–	–
Finance lease repayment	(1,113)	(986)	–	–
Drawdown of borrowings	149,636	337,389	50,000	300,000
Repayment of borrowings	(175,320)	(552,211)	(50,000)	(467,030)
Dividends paid	(241,171)	(124,744)	(241,171)	(124,744)
Dividends paid to non-controlling shareholders of subsidiaries	(2,460)	(1,408)	–	–
(Placement)/withdrawal of fixed deposits	(2,097)	66,676	–	61,619
Cash flows from discontinued operation	–	(36,304)	–	–
Net cash flows used in financing activities	(272,525)	(295,774)	(241,171)	(230,155)
Net (decrease)/increase in cash and cash equivalents	(25,123)	(5,295)	(55,878)	62,755
Net foreign exchange difference	(831)	(18,068)	–	–
Cash and cash equivalents at beginning of year	488,798	512,161	87,277	24,522
Cash and cash equivalents at end of year (Note a)	462,844	488,798	31,399	87,277
(a) Cash and cash equivalents comprise:				
Cash in hand and at banks	232,187	200,091	4,273	4,912
Fixed deposits with licensed banks	264,106	309,131	27,126	82,365
Fixed deposits with other financial institutions	–	10,860	–	–
Cash, bank balances and deposits (Note 24)	496,293	520,082	31,399	87,277
Less: Fixed deposits on lien	(15,674)	(14,804)	–	–
Less: Fixed deposits pledged	(17,775)	(15,547)	–	–
Less: Cash and fixed deposit restricted in usage	–	(933)	–	–
	462,844	488,798	31,399	87,277

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Level 17, Menara UEM, Tower 1, Avenue 7, The Horizon, Bangsar South City, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur.

The Company regards UEM Group Berhad and Khazanah Nasional Berhad, both incorporated in Malaysia, as its immediate and ultimate holding companies respectively. Related companies in these financial statements refer to member companies within the UEM Group of companies.

The principal activities of the Company are investment holding and provision of management services to its subsidiaries. The principal activities of the subsidiaries, joint ventures and associates are described in Note 45.

There have been no significant changes in the nature of the principal activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 22 March 2019.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 in Malaysia.

For all periods up to and including the year ended 31 December 2017, the Group and the Company prepared their financial statements in accordance with Financial Reporting Standards ("FRS") in Malaysia. These financial statements for the year ended 31 December 2018 are the first the Group and the Company have prepared in accordance with MFRS, IFRS and the requirements of the Companies Act 2016 in Malaysia. The effects of the first-time adoption of MFRS Framework are disclosed in Note 2.2.

The financial statements of the Group and of the Company have also been prepared on a historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

2.2 First time adoption of Malaysian Financial Reporting Standards ("MFRS")

On 19 November 2011, Malaysian Accounting Standards Board ("MASB") issued a new MASB approved accounting framework, the MFRS Framework.

The MFRS Framework has been applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture and IC 15 Agreements for Construction of Real Estate, including its parent, significant investor and venturer (herein called 'Transitioning Entities').

These financial statements, for the year ended 31 December 2018, are the first set of financial statements of the Group and the Company that have been prepared in accordance with MFRS and MFRS 1 First Time Adoption of Malaysian Financial Reporting Standards have been applied.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 First time adoption of Malaysian Financial Reporting Standards ("MFRS") (cont'd.)

For the periods up to the financial year ended 31 December 2017, the Group and the Company prepared their financial statements in accordance with FRS in Malaysia. Except for certain differences, the requirements under FRS and MFRS are similar.

Accordingly, the Group and the Company have prepared financial statements that comply with MFRS applicable as at 31 December 2018, together with the comparative period information for the year ended 31 December 2017, as described in the summary of significant accounting policies. In preparing these financial statements, the Group's and the Company's opening statements of financial position were prepared as at 1 January 2017, the date of transition to MFRS Framework.

The transition from FRS Framework to MFRS Framework has not had financial impact on the statements of financial position, income statements, statements of comprehensive income and statements of cash flows except for those disclosed below:

(a) Business combination

MFRS 1 provides the option to apply MFRS 3 Business Combinations, prospectively from the date of transition or from a specific date prior to the date of transition. This provides relief from full retrospective application of MFRS 3 which would require restatement of all business combinations prior to the date of transition.

Acquisition before date of transition

The Group has elected to apply for MFRS 3 prospectively from the date of transition. In respect of acquisitions prior to the date of transition,

- (i) the classification of former business combinations under FRS is maintained;
- (ii) there is no re-measurement of original fair values determined at the time of business combination (date of acquisition); and
- (iii) the carrying amount of goodwill recognised under FRS is not adjusted.

(b) Deemed cost

Deemed cost exemptions relieves first-time adopters from the requirement to recreate cost information for property, plant and equipment and intangible assets. Deemed cost is the basis for subsequent depreciation and impairment testing.

Upon transition to MFRS, the Group has elected to measure all its property, plant and equipment and intangible assets using the cost model under MFRS 116 Property, Plant and Equipment and MFRS 138 Intangible assets.

(c) Investments in subsidiaries, jointly controlled entities and associates

A first-time adopter is permitted to choose the measurement basis for its investments in subsidiaries, jointly controlled entities and associates in its separate financial statements. A first-time adopter that measures such investments at cost is permitted to measure the investments either at cost determined in accordance with MFRS 127 or at "deemed cost". Deemed cost for this purpose is either the:

- (i) Fair value at date of transition; or
- (ii) Carrying amount under FRS at date of transition.

The Company has elected to measure its investments in subsidiaries and associates at carrying amount under FRS at date of transition.

The Group has consistently applied the same accounting policies in its opening MFRS statement of financial position as at 1 January 2017 and throughout all comparable periods presented, as if these policies had always been in effect. Comparative information in these financial statements have been restated to give effect to above changes. The two newly effective standards which were adopted pursuant to the adoption of the MFRS Framework, namely MFRS 15 Revenue from Contracts with Customers and MFRS 9 Financial Instruments have resulted in the following key changes to the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 First time adoption of Malaysian Financial Reporting Standards ("MFRS") (cont'd.)

MFRS 15 Revenue from contracts with customers

MFRS 15 Revenue from Contracts with Customers establishes a five-step model that will apply to revenue arising from contracts with customers. MFRS 15 supersedes FRS 118 Revenue, FRS 111 Construction Contracts and the related interpretations under FRS.

The core principle of MFRS 15 is that an entity should recognise revenue which depicts the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

MFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The effect of adopting MFRS 15 of the Group is as follows:

Statement of financial position:

	Note	As previously stated under FRS RM'000	Effects of MFRS 15 RM'000	Restated under MFRS RM'000
At 1 January 2017				
Current assets				
Trade and other receivables	a	1,226,917	(354,458)	872,459
Contract assets	a	–	354,458	354,458
Current liabilities				
Trade and other payables	a	831,862	(81,869)	749,993
Contract liabilities	a	–	81,869	81,869
At 31 December 2017				
Current assets				
Trade and other receivables	a	972,050	(261,563)	710,487
Contract assets	a	–	261,563	261,563
Current liabilities				
Trade and other payables	a	720,275	(27,762)	692,513
Contract liabilities	a	–	27,762	27,762
Income statement				
For the year ended 31 December 2017				
Revenue	b	2,120,766	(8,177)	2,112,589
Cost of sales	b	(1,718,792)	8,177	(1,710,615)

- a) Prior to the adoption of MFRS 15, revenue recognised from consultancy services, infrastructure services, facilities management services and retro fitting works was based on the percentage of completion method, calculated by reference to the proportion of costs incurred to date against the total expected costs for the contracts. When revenue recognised exceed billings made to date, the balance is classified as accrued billings under trade and other receivables. When billings are made in advance, it is classified as advance billings under trade and other payables.

Under MFRS 15, accrued billing represents a right to consideration in exchange for services transferred to the customer known as contract asset while advance billing represents an obligation to transfer services to the customer for which consideration has been received known as contract liability.

- b) Prior to the adoption of MFRS 15, deductions imposed by the customers on revenue from healthcare services were recorded as an expense as part of the cost of sales. Under MFRS 15, such deductions represent a variable consideration which is to be deducted against the revenue.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 First time adoption of Malaysian Financial Reporting Standards ("MFRS") (cont'd.)

MFRS 9 Financial instruments

MFRS 9 introduces new requirements with impacts mainly relating to classification and measurement of financial instruments, impairment assessment based on the expected credit loss model and hedge accounting.

Classification and measurement

MFRS 9 establishes three primary measurement categories for financial assets: Amortised cost, Fair Value Through Profit or Loss ("FVTPL") and Fair Value Through Other Comprehensive Income ("FVOCI"). The basis of classification depends on the entity's business model for managing the assets and the contractual cash flow characteristics of the financial asset.

Financial assets will be measured at amortised cost if the assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows which represent solely payments of principal and interest. Financial assets will be measured at FVOCI if the assets are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual cash flows represent solely payments of principal and interest. Financial assets which are neither held at amortised cost nor at FVOCI will be measured at FVTPL.

Investments in equity instruments are always measured at FVTPL with an irrevocable option at inception to present changes in FVOCI (provided the instrument is not held for trading). A debt instrument such as loans, advances and financing and investment securities are measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest.

For financial liabilities, the standard is similar to most of the FRS 139 requirements. These include amortised cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than profit or loss, unless this creates an accounting mismatch.

The classification and measurement requirements of MFRS 9 did not have a significant impact on the Group. The Group continued measuring at fair value all financial assets previously held at fair value under FRS 139. The following are the changes in the classification of the Group's financial assets:

- (i) Trade receivables, concession, other receivables and cash, bank balances and deposits previously classified as Loans and receivables are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are now classified and measured as Debt instruments at amortised cost.
- (ii) The Group elected to classify short term investments as Financial assets at fair value through profit or loss as the Group intends to hold these investments for the foreseeable future.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 First time adoption of Malaysian Financial Reporting Standards ("MFRS") (cont'd.)

MFRS 9 Financial instruments (cont'd.)

Classification and measurement (cont'd.)

In summary, upon the adoption of MFRS 9, the Group had the following required or elected reclassifications:

FRS 139 measurement category	MFRS 9 measurement category		
	Amortised cost	FVTPL	
	RM'000	RM'000	RM'000
<u>As at 31 December 2017</u>			
FVTPL	183,425	–	183,425
Loans and receivables	1,359,810	1,359,810	–
	1,543,235	1,359,810	183,425
<u>As at 1 January 2017</u>			
FVTPL	42,866	–	42,866
Loans and receivables	1,644,046	1,644,046	–
	1,686,912	1,644,046	42,866

The changes in classification above have had no material impact on the Group's financial position or performance.

There are no changes in classification and measurement of the Group's financial liabilities.

Impairment

MFRS 9 introduces expected credit losses ("ECL") model on impairment that replaces the incurred loss impairment model as used in FRS 139. The ECL model requires impairment to be recognised on initial recognition including expected future credit losses whilst the incurred loss impairment model only requires recognition of credit losses incurred as at reporting date. The impairment requirements apply to financial assets measured at amortised cost and FVOCI, lease receivables and certain loan commitments as well as financial guarantee contracts, which include loans, advances and financing and investment securities.

Allowance for impairment are made based on a three-stage approach which reflects the change in credit quality of the financial instrument since initial recognition.

The Group has applied the simplified approach and record lifetime expected losses on all trade receivables. The Group has assessed that the impact from the initial application of this standard is not material.

Hedge accounting

Under MFRS 9, the general hedge accounting requirements have been simplified for hedge effectiveness testing and permit hedge accounting to be applied to a greater variety of hedging instruments and risks. The adoption of this standard has had no material impact to the Group's financial statements in this regard.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Standards issued but not yet effective

The standards and interpretation that are issued but not yet effective up to the date of issuance of the Group's and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards and interpretation, if applicable, when they become effective.

	Effective for annual periods beginning on or after
Amendments to MFRS 9: Prepayment Features with Negative Compensation	1 January 2019
MFRS 16: Leases	1 January 2019
Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures	1 January 2019
Annual improvements to MFRS Standards 2015-2017 Cycle	1 January 2019
Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement	1 January 2019
IC Interpretation 23: Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 3: Definition of a Business	1 January 2020
Amendments to MFRS 101 and 108 - Definition of Material	1 January 2020
Revised Conceptual Framework for Financial Reporting (The Conceptual Framework)	1 January 2020
MFRS 17 Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

These standards and interpretations are not expected to have a significant impact on the financial statements in the period of initial application apart from the changes to disclosures and presentation, except as discussed below:

MFRS 16: Leases

MFRS 16 was issued in April 2016 and it replaces MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Leases-Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under MFRS 16 is substantially unchanged from accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases.

MFRS 16, which is effective for annual periods beginning on or after 1 January 2019, requires lessees and lessors to make more extensive disclosures than under MFRS 117.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Standards issued but not yet effective (cont'd.)

MFRS 16: Leases (cont'd.)

The Group plans to adopt MFRS 16 using the modified retrospective method. Accordingly, the Group will not restate the comparative information, differences arising from the adoption of MFRS 16 will be recognised directly in retained earnings. The Group will elect to apply the standard to contracts that were previously identified as leases applying MFRS 117 and IC Interpretation 4. The Group will therefore not apply the standard to contracts that were not previously identified as containing a lease applying MFRS 117 and IC Interpretation 4.

The Group will elect to use the exemptions proposed by the standard on lease contracts for which the lease terms ends within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value. The Group has leases of certain office equipment (i.e., personal computers, printing and photocopying machines) that are considered of low value.

Based on the Group's initial assessment, the Group expects to recognise right-of-use assets for buildings and the corresponding lease liabilities for its non-cancellable operating lease. However, the Group does not anticipate the application of MFRS 16 to have a significant impact on the Group's financial statements. The Group is finalising its assessment of the financial effects of the adoption of MFRS 16.

2.4 Summary of significant accounting policies

(a) Basis of consolidation and subsidiaries

(i) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

The Company controls an investee if and only if the Company has all the following:

- (i) Power over the investee (i.e existing rights that give it the current ability to direct the relevant activities of the investee);
- (ii) Exposure, or rights, to variable returns from its involvement with the investee; and
- (iii) The ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company's voting rights in an investee are sufficient to give it power over the investee:

- (i) The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- (ii) Potential voting rights held by the Company, other vote holders or other parties;
- (iii) Rights arising from other contractual arrangements; and
- (iv) Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(a) Basis of consolidation and subsidiaries (cont'd.)

(i) Basis of consolidation (cont'd.)

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest, is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of the investment.

Business combinations

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss in accordance with MFRS 9. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 9, it is measured in accordance with the appropriate MFRS.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Business combinations involving entities under common control

Business combinations involving entities under common control are accounted for by applying the pooling of interest method. Under the pooling of interest method, the results of the subsidiaries are presented as if the combination had been effected throughout the current and previous financial periods. The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the common control shareholder. Any difference between the cost of consideration and the share capital of the "acquired" entity is classified as an equity and regarded as a non distributable reserve. Comparatives are presented as if the entities has always been combined since the date the entities had come under common control.

(ii) Subsidiaries

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(b) Investment in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investments in associates are accounted for using the equity method. Under the equity method, the investment in an associate is measured in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate. Where necessary, adjustments are made to bring the accounting policies of associates in line with those of the Group.

Goodwill relating to associate is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of an associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss for the period in which the investment is acquired.

Equity accounting is discontinued when the Group's share of losses and negative reserves in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, unless the Group has incurred obligations or guaranteed obligations in respect of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associate. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

In the Company's separate financial statements, investments in associates are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(c) Joint arrangements

A joint arrangement is an arrangement of which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

(i) Joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

The Group recognises its interest in joint operation using the proportionate consolidation. The Group combines its share of each of the assets, liabilities, income and expenses of the joint operation with the similar items, line by line, in its consolidated financial statements. The joint operation is proportionately consolidated from the date the Group obtains joint control until the date the Group ceases to have joint control over the joint operation.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(c) Joint arrangements (cont'd.)

(i) Joint operations (cont'd.)

Adjustments are made in the Group's consolidated financial statements to eliminate the Group's share of intragroup balances, income and expenses and unrealised gains and losses on transactions between the Group and its joint operation.

The financial statements of the joint operation are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

(d) Transactions with non-controlling interests

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in the income statement of the Group and within equity in the consolidated statements of financial position, separately from parent shareholders' equity.

Transactions with non-controlling interests are accounted for using the entity concept method, whereby, transactions with non-controlling interests are accounted for as transactions with owners. On acquisition of non-controlling interests, the difference between the consideration and book value of the share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to non-controlling interests is recognised directly in equity.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

Put option issued to non-controlling interests by the Group over its own equity gives rise to a financial liability with a corresponding charge directly to equity. At each reporting date, the related non-controlling interests are derecognised against this equity as if it was acquired at that date.

(e) Current versus non-current classification

The Group presents assets and liabilities in statement of financial position based on current/non-current classification. An asset is classified as current when it is:

- (i) Expected to be realised or intended to be sold or consumed in normal operating cycle;
- (ii) Held primarily for the purpose of trading;
- (iii) Expected to be realised within twelve months after the reporting period; or
- (iv) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- (i) It is expected to be settled in normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period; or
- (iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(f) Intangible assets

(i) Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units ("CGU") that are expected to benefit from the synergies of the combination.

The CGU to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the CGU may be impaired, by comparing the carrying amount of the CGU, including the allocated goodwill, with the recoverable amount of the CGU. Where the recoverable amount of the CGU is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a CGU and part of the operation within that CGU is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the CGU retained.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 2.4(w).

(ii) Other intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised on a straight-line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in income statement.

Intangible assets with indefinite useful lives are not amortised but tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. The useful life of an intangible asset with an indefinite life is also reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Customer contracts and relationships

Customer contracts and relationships acquired through business combination are capitalised at fair value as at the date of acquisition. Following initial recognition, the cost model is applied. The finite useful live of customer contracts and customer relationships are assessed to be ranging from 10 to 15 years and 5 to 10 years respectively. Amortisation is charged on a straight line basis and the expense is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(f) Intangible assets (cont'd.)

(ii) Other intangible assets (cont'd.)

Software

Software that do not form an integral part of the related hardware have been reclassified as intangible assets. Software is considered to have finite useful lives, are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products between 3 and 5 years. Impairment is assessed whenever there is an indication of impairment and amortisation period and method are also reviewed at least at each reporting date. Software-in-progress is stated at cost, net of accumulated impairment losses, if any.

Research and development costs

Research and development costs are recognised as an expense except that costs incurred on individual development project are recognised as development asset to the extent that such expenditure is expected to generate future economic benefits. Development costs are only recognised as an asset when it is probable that future economic benefits will be realised as a result of the specific expenditure and the costs can be measured reliably.

Following the initial recognition of the development expenditure, the asset is carried at cost less accumulated amortisation and accumulated impairment losses. Policy for the recognition and measurement of impairment loss is in accordance with Note 2.4(i). Any impairment loss recognised shall not be reversed in subsequent periods even if there are changes to the circumstances or events that led to the impairment. These costs are derecognised when they are disposed of or when no future economic benefit is expected from the disposal.

Development costs that have been capitalised are amortised over the period of expected future economic benefits from the related project.

(g) Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Capital work-in-progress is stated at cost, net of accumulated impairment losses, if any.

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repairs and maintenance costs are recognised in profit or loss as incurred.

Freehold land has an unlimited useful life and therefore is not depreciated. Capital work-in-progress is not depreciated as these assets are not available for use. Capital work-in-progress relates to the installation of new machinery and renovation of a research and development centre.

Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Leasehold land	1% - 2.4%
Buildings	1.8% - 2.2%
Plant and equipment	5% - 50%
Furniture and fittings	10% - 20%
Motor vehicles	20%
Computers	20% - 33%

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(g) Property, plant and equipment (cont'd.)

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit or loss.

(h) Land held for property development and property development costs

(i) Land held for property development

Inventory properties where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle are referred to as land held for development and classified within non-current assets. Generally no significant development work would have been undertaken on these lands other than infrastructure work, earth work and landscape work incurred to prepare the land for development and these inventory properties are stated at cost plus incidental expenditure incurred to put the land in a condition ready for development. These inventory properties are classified to current assets at the point when active development project activities have commenced and when it can be demonstrated that the development activities can be completed within the normal operating cycle.

(ii) Property development costs

Property development costs are recognised to the extent that the Group has performed the construction services. Property development costs are initially measured at cost, which is represented by the allocated fair value of the construction services rendered.

(i) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value-in-use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(i) Impairment of non-financial assets (cont'd.)

In assessing value-in-use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

(j) Inventories

Inventories are stated at lower of cost and net realisable value.

Cost of consumables which is determined on the weighted average basis, comprise cost of purchase of inventories.

Cost of property held for resale is determined on the specific identification basis and include cost associated with the acquisition of land, direct costs and appropriate proportions of common costs.

Net realisable value is the estimated selling price in ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(k) Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price determined under MFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

(i) Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables, cash, bank balances and deposits, amounts due from related parties and sundry receivables.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(k) Financial assets (cont'd.)

Subsequent measurement (cont'd.)

(ii) Financial assets at fair value through OCI (debt instruments)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Group does not have any debt instruments at fair value through OCI.

(iii) Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under MFRS 132 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group has not elected to classify irrevocably any of its financial assets under this category.

(iv) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes mark to market equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established.

This category includes short term investments which the Group had not irrevocably elected to classify at fair value through OCI.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(k) Financial assets (cont'd.)

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

(l) Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 120 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(m) Cash, bank balances and short-term deposits

Cash, bank balances and short-term deposits in the statements of financial position comprise cash at banks and on hand.

For the purpose of the statements of cash flows, cash and cash equivalents consist of cash, bank balances and short-term deposits with a maturity of three months or less with financial institutions, which are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts.

(n) Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of its liabilities. Ordinary shares are classified as equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(o) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

Subsequent measurement

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by MFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

(ii) Trade payables, other payables and loans and borrowings

This is the category most relevant to the Group. After initial recognition, trade payables, other payables and interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. This category generally applies to interest-bearing loans and borrowings.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

(p) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(q) Leases

As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(r) Non-current assets held for sale and discontinued operation

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Such non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding the finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the sale will be withdrawn. Management must be committed to the plan to sell the asset and the sale is expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

A disposal group qualifies as discontinued operation if it is a component of the Group that is a CGU or a group of CGUs that either is classified as held for sale or has been disposed of and represents a major line of business or major geographical area.

Discontinued operation is excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operation in the statement of profit or loss.

(s) Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(t) Income tax

(i) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date in the countries where the Group operates and generates taxable income.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(t) Income tax (cont'd.)

(ii) Deferred tax (cont'd.)

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(iii) Goods and Service Tax ("GST")

The net amount of GST being the difference between output and input of GST, payable to or receivable from the respective authorities at the reporting date, is included in trade and other payables or trade and other receivables in the statements of financial position.

(iv) Sales and Service Tax ("SST")

Revenues, expenses and assets are recognised net of the amount of SST except:

- when the sales tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the SST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- for receivables and payables that are stated with the amount of SST included.

The net amount of SST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

(u) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(v) Employee benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Long term incentives plan

Long term incentives are granted to eligible employees subject to meeting the pre-determined financial performance and value growth targets of the Group over a vesting period of 3 years.

Liability arising from long term incentives is measured and reviewed at each reporting date, based on the management's estimates on the achievement of the pre-determined targets, and it is recognised as an expense over the performance period of 3 years.

(iii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in profit or loss as incurred. As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF").

(iv) Defined benefit plan

The Group's subsidiaries operate defined benefit pension schemes for its eligible employees. The benefit is unfunded. A liability or asset is recognised when there is a shortfall or surplus in a defined benefit pension scheme, being the difference between the fair value of the scheme assets and liabilities as determined by an independent actuary. Actuarial gains and losses are recognised in full in other comprehensive income at the time of valuation. Such actuarial gains and losses are also immediately recognised in retained earnings and are not reclassified to profit or loss in subsequent periods. The cost of providing benefits under this plan is determined using the projected unit credit method, which attributes entitlement to benefits to the current period (to determine the current service cost) and to the current and prior periods (to determine the present value of the defined benefit obligation) and is based on actuarial advice. The current service cost is charged to profit or loss. Past service costs are recognised in profit or loss on a straight-line basis over the vesting period or immediately if benefits have vested.

A charge representing the unwinding of the discount on the plan liabilities during the year is included in profit or loss as administrative expenses. A credit representing the expected return of the plan assets during the year is also included within administrative expenses. This credit is based on the market value of the plan assets and expected rates of return at the beginning of the year.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(w) Foreign currencies

(i) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

(ii) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(iii) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

The principal exchange rates used for every unit of foreign currency ruling at the reporting date are as follows:

	2018	2017
	RM	RM
United Arab Emirates Dirham (AED)	1.13	1.10
Indian Rupees (INR)	0.06	0.06
New Zealand Dollars (NZD)	2.78	2.88
Singapore Dollars (SGD)	3.04	3.03
Taiwan New Dollar (TWD)	0.14	0.14
Indonesian Rupiah (IDR'000)	0.29	0.30

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(x) Income recognition

Revenue from contracts with customers

Contracts with customers may include multiple promises to customers and therefore accounted for as separate performance obligations. In this case, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. When these are not directly observable, they are estimated based on expected cost plus margin.

In determining the transaction price for contracts with customers, the Group considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any). Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

If control of the assets transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue at a point in time when the customer obtains control of the asset.

(i) Consultancy

The Group recognises revenue from consultancy services over time when the performance obligations are performed and the Group has an enforceable right to the payment for the performance completed to date.

Revenue is recognised over time, using an input method to measure progress towards complete satisfaction of the service, because customer simultaneously receives and consumes the benefits provided by the Group. Revenue is calculated as the proportion of total contract value which costs incurred to date bear to total expected costs for that contract. Revenue derived from variations on contracts are recognised only when they have been accepted by the customer whereby no significant revenue reversal will occur. Full provision is made for losses on all contracts in the year in which they are first foreseen.

(ii) Healthcare services

The Group through the Concession Agreement provides healthcare support services to the public hospital in the Northern zone of Malaysia encompassing the states of Perlis, Kedah, Pulau Pinang and Perak. The services provided are healthcare waste management, cleansing, linen and laundry, facilities engineering maintenance, biomedical engineering maintenance and facilities management services. The Group also provides healthcare facilities management, housekeeping and patient management services to various private healthcare institutions in Malaysia, Singapore and Taiwan.

The revenue from the services, which is based on fixed price under the agreement is allocated based on relative stand-alone selling price of the considerations for each of the separate performance obligations.

The Group recognises the services revenue over time when the performance obligations are performed and the Group has an enforceable right to the payment for the performance completed to date. Any variable consideration is estimated at contract inception and constrained until it is highly probable. The Group applies the most likely amount method to determine the variable consideration which will be netted against the revenue.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(x) Income recognition (cont'd.)

Revenue from contracts with customers (cont'd.)

(iii) Infrastructure services

The Group provides maintenance service and repair of civil, mechanical and electrical works on roads, infrastructure and expressways works.

Revenue on infrastructure services are recognized over time, using an input method to measure progress towards complete satisfaction of the service, because customer simultaneously receives and consumes the benefits provided by the Group. Revenue is calculated as the proportion of total contract value which costs incurred to date to total expected costs for that contract. Revenue derived from variations on contracts are recognised only when they have been accepted by the customer. Full provision is made for losses on all contracts in the year in which they are first foreseen.

Revenue for routine maintenance is recognised based on fixed sum contract while revenue for non routine maintenance is recognised based on schedule of rates agreed with customers.

(iv) Property and Facility Solutions

The Group provides various facilities management including infrastructure, building and ground maintenance to commercial customers. These services are provided on a time and material basis or as a fixed-priced contract, with contract terms generally ranging from one (1) year to three (3) years.

Revenue from these services is recognised over time in the period the services are rendered.

The Group also provides green technology and sustainability services in retro-fitting works of buildings followed by a period in which the Group maintains and services the infrastructure. In such contracts, revenue from the supply of retro-fitting equipment and installation works are recognised at the point in time when:

- (i) the control of the asset is transferred to the customer upon the acceptance of physical possession of the asset and successful testing and commissioning; and
- (ii) the significant risks and rewards of ownership of the asset is borne by the customer.

Revenue from the maintenance and servicing of the infrastructure subsequent to the retro-fitting is recognised over time in the period the services are rendered.

(v) Property development

Revenue from sale of property development is recognised over time.

Revenue from sale of completed property units is recognised at the point of time upon the control of the asset is transferred to the customer and it is probable that the Group will collect the consideration to which it entitled in exchange for the asset that will be transferred to the customer.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(x) Income recognition (cont'd.)

Revenue from contracts with customers (cont'd.)

(vi) Management fees

Management fees for services provided to entities within the Group are recognised over time as services are rendered.

Other income recognition

(i) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

(ii) Rental income

Rental income is recognised on a straight-line basis over the term of the lease.

(iii) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

(y) Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs its obligation by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised. Contract assets are subject to impairment assessment based on the ECL model.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs the obligations under the contract.

(z) Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 44, including the factors used to identify the reportable segments and the measurement basis of segment information.

(aa) Contingencies

A contingent liability is:

- (i) A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (ii) A present obligation that arises from past events but is not recognised because:
 - it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statement of financial positions of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(ab) Fair value measurement

The Group measures financial instruments at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2.5 Significant accounting judgements and estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

(a) Judgements

There are no critical judgements made by management in the process of applying the Group's accounting policies that may have significant effects on the amounts recognised in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.5 Significant accounting judgements and estimates (cont'd.)

(b) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

(i) Consultancy

The Group recognises its revenue and profit on consultancy contract services based on the percentage of completion, calculated by reference to the proportion of costs incurred to date against the total expected costs for the contracts. Full provision is made for losses on all contracts when they are first foreseen. Significant estimates are applied especially in determining the total expected costs for the contracts in order to reliably estimate the percentage of completion.

(ii) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the 'value-in-use' of the CGU to which the goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to determine suitable discount and growth rates in order to calculate the present value of those cash flows. The carrying amounts of goodwill at 31 December 2018 was RM534.1 million (2017: RM533.6 million). Further details are disclosed in Note 16(a).

(iii) Impairment of investment in subsidiaries

The Company determines whether investment in subsidiaries is impaired when there is an indication of impairment. This requires an estimation of the 'value-in-use' of the investment in subsidiaries. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows and also to determine suitable discount and growth rates in order to calculate the present value of those cash flows. The carrying amounts of investment in subsidiaries at 31 December 2018 was RM1,789.0 million (2017: RM1,918.0 million). Further details are disclosed in Note 17.

(iv) Provision for ECLs of trade receivables and contract assets

The Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments in calculating ECLs for trade receivables and contract assets. The amount and timing of future cash flows are then estimated based on historical credit loss experience for assets with similar credit risk characteristics and adjusted with forward-looking information such as forecast economic conditions. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in Note 21 and Note 22 respectively.

(v) Income taxes

Significant estimation is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.5 Significant accounting judgements and estimates (cont'd.)

(b) Key sources of estimation uncertainty (cont'd.)

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows: (cont'd.)

(vi) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The deferred tax assets amounting to RM13.0 million (2017: RM14.5 million) are mainly related to subsidiaries of which management are confident that it would be probable for the related subsidiaries to generate future taxable profits.

If the Group was able to recognise all unrecognised deferred tax assets, profit and equity would have increased by RM9.8 million (2017: RM8.9 million). Further details are disclosed in Note 32.

(vii) Deferred consideration payable

Deferred consideration payable arose from the acquisition of KFM Holdings Sdn. Bhd. ("KFM") in prior year. At each reporting period, the Group assesses the fair value of the deferred consideration payable based on the projected profitability of KFM, and considers the current and projected market conditions.

During the year, management assessed the fair value of the remaining deferred consideration payable for KFM to be RM8.7 million (2017: RM17.9 million) due to lower probability of KFM meeting the performance targets. Accordingly, an amount of RM9.3 million (2017: RM5.8 million) was recognised in profit or loss representing the fair value changes relating to the deferred consideration payable during the current financial year.

Further details of the deferred consideration payable are disclosed in Note 31(d).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

3. REVENUE

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
<i>Revenue from contracts with customers (a)</i>				
Consultancy	114,109	180,935	—	—
Healthcare services	984,584	904,169	—	—
Infrastructure services	881,965	862,273	—	—
Property and facility solutions	189,422	159,079	—	—
Property development	12,524	6,133	—	—
Management fees	—	—	61,493	45,558
	2,182,604	2,112,589	61,493	45,558
<i>Revenue from other sources</i>				
Dividend income from subsidiaries	—	—	179,582	90,500
Total revenue	2,182,604	2,112,589	241,075	136,058
(a) Revenue from contracts with customers are recognised:				
- At a point in time	39,039	6,018	—	—
- Over time	2,143,565	2,106,571	61,493	45,558
	2,182,604	2,112,589	61,493	45,558

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2018 due within one year is RM1.7 billion (2017: RM1.8 billion) and due more than one year is RM7.7 billion (2017: RM8.0 billion). These relate to performance obligations from long term service contracts that is to be satisfied within two to twenty years.

4. COST OF SALES

	Group	
	2018	2017
	RM'000	RM'000
Consultancy	61,191	104,337
Healthcare services	809,671	744,003
Infrastructure services	734,891	715,683
Property and facility solutions	154,842	141,195
Property development:		
- property development costs	–	(65)
- completed property held for sale (Note 20)	11,629	4,352
- other costs	513	1,110
	1,772,737	1,710,615

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

5. OTHER INCOME

Included in other income are:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Dividend income from short term investments	3,682	787	–	–
Interest income from:				
- fixed deposits	9,633	10,583	2,051	6,762
- advances to subsidiaries	–	–	3,382	–
License and commission fees from an associate	1,600	1,455	–	–
Fair value gain on short term investments	427	48	–	–
Reversal of deferred consideration payable (Note 31(d))	9,345	5,806	9,345	5,806
Bad debt recovered	1,534	5,208	–	–
Net foreign exchange gain:				
- realised	166	10,947	–	10,935
- unrealised	209	737	–	–
Gain on disposal of scrap	–	863	–	–
Gain on bargain purchase on acquisition of an associate	–	1,255	–	–
Compensation received	–	4,230	–	–
Accretion of interest on concession receivables	19,088	18,830	–	–
Rental income	–	–	3,104	–
Gain arising from remeasurement of loan to a subsidiary	–	–	–	71,561

6. FINANCE COSTS

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Interest expense on:				
- bank borrowings	26,391	36,345	14,303	23,460
- finance lease liabilities	308	406	–	–
- loan from subsidiary	–	–	3,299	–
Accretion of interest on deferred consideration payable (Note 31(d))	99	2,120	99	2,120
Amortisation of capitalised borrowing cost	434	543	–	–
Commitment fees	268	497	–	–
Cost arising from early settlement of borrowing	–	7,834	–	7,834
Bank charges	933	780	20	200
	28,433	48,525	17,721	33,614

7. PROFIT BEFORE TAX

The following amounts have been charged/(credited) in arriving at profit before tax:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Employee benefits expense (Note 8)	751,342	1,419,085	54,671	44,773
- continuing operations	751,342	678,283	54,671	44,773
- discontinued operation	–	740,802	–	–
Non-executive directors' remuneration excluding benefits-in-kind (Note 9)	1,323	1,182	1,188	961
Auditors' remuneration:				
- statutory	1,236	2,933	138	133
- continuing operations	1,236	1,329	138	133
- discontinued operation	–	1,604	–	–
- under provision in prior year	–	65	–	–
- others	340	3,066	340	3,038
- continuing operations	340	3,038	340	3,038
- discontinued operation	–	28	–	–
Operating leases:				
- minimum lease payments of premises	14,605	56,319	1,883	855
- continuing operations	14,605	12,965	1,883	855
- discontinued operation	–	43,354	–	–
- minimum lease payments of motor vehicles	1,461	18,014	–	–
- continuing operations	1,461	3,556	–	–
- discontinued operation	–	14,458	–	–
- minimum lease payments of plant and machineries	736	2,700	96	91
- continuing operations	736	1,545	96	91
- discontinued operation	–	1,155	–	–
Amortisation of:				
- prepaid land lease payments (Note 15)	87	87	–	–
- intangible assets (Note 16)	22,353	27,026	183	55
- continuing operations	22,353	22,797	183	55
- discontinued operation	–	4,229	–	–
Depreciation of property, plant and equipment (Note 13)	45,001	59,716	3,225	2,554
- continuing operations	45,001	41,178	3,225	2,554
- discontinued operation	–	18,538	–	–
Net (gain)/loss on disposal of plant and equipment	(658)	(2,000)	633	–
- continuing operations	(658)	(113)	633	–
- discontinued operation	–	(1,887)	–	–
Provision for professional indemnity claims	–	371	–	–
- continuing operations	–	–	–	–
- discontinued operation	–	371	–	–

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

7. PROFIT BEFORE TAX (CONT'D.)

The following amounts have been charged/(credited) in arriving at profit before tax: (cont'd.)

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Property, plant and equipment written off (Note 13)	9	2,216	–	–
Impairment on land held for property development (Note 14)	–	638	–	–
Impairment on trade and other receivables (Note 21)	9,935	15,499	–	–
- continuing operations	9,935	6,653	–	–
- discontinued operation	–	8,846	–	–
Reversal of impairment on trade and other receivables (Note 21)	(2,714)	(10,218)	–	–
- continuing operations	(2,714)	(4,140)	–	–
- discontinued operation	–	(6,078)	–	–
Bad debts written off	–	3,028	–	–
- continuing operations	–	–	–	–
- discontinued operation	–	3,028	–	–
Impairment loss on investment in subsidiary (Note 17(a))	–	–	129,000	111,857
Net foreign exchange loss:				
- realised	32	2,141	–	–
- unrealised	24	1,739	–	–
Fair value loss/(gain) on derivative financial instruments	–	4,228	–	4,459
- continuing operations	–	4,459	–	4,459
- discontinued operation	–	(231)	–	–

8. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Wages and salaries	531,874	1,175,759	34,415	31,104
Contributions to statutory Employees Provident Fund ("EPF")	54,174	97,478	4,930	4,400
Social security contributions	2,951	2,675	324	246
Defined retirement benefit obligations (Note 26)	273	273	–	–
Decrease in liability for defined benefit pension plan (Note 27)	(29)	(1,252)	–	–
Employees' service entitlements (Note 28(a))	532	2,257	–	–
Other benefits	161,567	141,895	15,002	9,023
Total employee benefits recognised in profit or loss (Note 7)	751,342	1,419,085	54,671	44,773

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration excluding benefits-in-kind amounting to RM1.3 million (2017: RM1.9 million) as further disclosed in Note 9.

9. DIRECTORS' REMUNERATION

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Directors of the Company				
Executive:				
Salaries and other emoluments	991	1,027	991	1,027
Bonus	98	619	98	619
Contributions to defined contribution plans	163	234	163	234
Allowances	60	60	60	60
Benefits-in-kind	39	53	39	53
	1,351	1,993	1,351	1,993
Non-Executive:				
Fees	1,323	1,182	1,188	961
Benefits-in-kind	43	45	43	45
	1,366	1,227	1,231	1,006
Total	2,717	3,220	2,582	2,999
Total excluding benefits-in-kind	2,635	3,122	2,500	2,901
Analysis excluding benefits-in-kind:				
Total executive directors' remuneration excluding benefits-in-kind (Note 8)	1,312	1,940	1,312	1,940
Total non-executive directors' remuneration excluding benefits-in-kind (Note 7)	1,323	1,182	1,188	961
Total directors' remuneration excluding benefits-in-kind	2,635	3,122	2,500	2,901

The number of directors of the Company whose total remunerations during the year fell within the following bands is analysed below:

	No. of Directors	
	2018	2017
Executive directors:		
RM1,400,001 - RM1,450,000	1	–
RM1,950,001 - RM2,000,000	–	1
Non-executive directors:		
Below RM50,000	2	2
RM50,001 - RM100,000	2	1
RM100,001 - RM150,000	3	3
RM150,001 - RM200,000	2	1
RM250,001 - RM300,000	2	2

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

10. INCOME TAX EXPENSE/(BENEFIT)

Major components of income tax expense

Major components of income tax expense for the years ended 31 December 2018 and 2017 are:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Income statements				
Current income tax:				
- Malaysian income tax	38,703	43,131	-	-
- Foreign tax	10,789	10,828	-	-
	49,492	53,959	-	-
Over provision of income tax in prior years:				
- Malaysian income tax	(6,149)	(3,542)	-	(125)
- Foreign tax	(1,259)	(1,294)	-	-
	(7,408)	(4,836)	-	(125)
	42,084	49,123	-	(125)
Deferred tax:				
- Relating to origination and reversal of temporary differences	(2,933)	(2,881)	-	-
- Under/(over) provision in prior years	4,109	(83)	-	-
	1,176	(2,964)	-	-
Income tax from continuing operations	43,260	46,159	-	(125)
Income tax from discontinued operation (Note 17(e))	-	33,701	-	-
Income tax recognised in profit or loss	43,260	79,860	-	(125)
Statements of other comprehensive income				
Deferred tax related to items recognised during the year (Note 32):				
- Remeasurement loss on Retirement Benefit Scheme and Defined Benefit Pension Scheme	61	(14)	-	-
- Discontinued operation	-	6,934	-	-
	61	6,920	-	-

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2017: 24%) of the estimated assessable profit for the year.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. Profits derived from overseas branch operations are not subject to Malaysian tax.

10. INCOME TAX EXPENSE/(BENEFIT) (CONT'D.)Reconciliation between tax expense and accounting profits

A reconciliation of income tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2018 and 2017 are as follows:

	2018 RM'000	2017 RM'000
Group		
Profit before tax:		
- continuing operations	198,471	172,922
- discontinued operation (Note 17(e))	–	68,425
	198,471	241,347
Less: Zakat	(2,850)	(1,636)
	195,621	239,711
Taxation at Malaysian statutory tax rate of 24% (2017: 24%)	46,949	57,531
Tax effect on share of profit of joint ventures	–	(713)
Tax effect on share of profit of associates	(3,965)	(4,717)
Income not subject to tax	(5,028)	(6,745)
Exempt income	(1,546)	–
Foreign income not subject to tax	(1,595)	(276)
Non-deductible expenses	15,007	34,979
Different tax rates in other countries	(2,393)	(568)
Effect of exempt income under investment tax allowance	–	(108)
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(10)	–
Deferred tax assets not recognised during the year		
- Malaysian subsidiaries	840	3,034
- Foreign operations	–	4,958
Utilisation of group tax relief	(1,700)	(3,500)
Under/(over) provision of deferred tax in prior years	4,109	(27)
Over provision of income tax expense in prior years	(7,408)	(3,988)
Income tax expense recognised in income statements	43,260	79,860

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

10. INCOME TAX EXPENSE/(BENEFIT) (CONT'D.)

Reconciliation between tax expense and accounting profits (cont'd.)

A reconciliation of income tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2018 and 2017 are as follows: (cont'd.)

	2018 RM'000	2017 RM'000
Company		
Profit before tax	36,949	1,099
Taxation at Malaysian statutory tax rate of 24% (2017: 24%)	8,868	264
Non-deductible expenses	37,150	42,648
Income not subject to tax	(46,018)	(42,912)
Over provision of income tax in prior year	–	(125)
Income tax expense recognised in income statements	–	(125)

11. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing profit for the year attributable to owners of the parent by the weighted average number of ordinary shares in issue during the financial year held by the Company.

	Group	
	2018 RM'000	2017 RM'000
Profit attributable to owners of the parent:		
- from continuing operations	148,430	124,613
- from discontinued operation	–	293,574
Total profit attributable to owners of the parent	148,430	418,187

	Number of shares '000	Number of shares '000
Weighted average number of ordinary shares in issue	831,624	831,624

	Group	
	2018 Sen	2017 Sen
Basic earnings per share for:		
- from continuing operations	17.8	15.0
- from discontinued operation	–	35.3
Basic earnings per share	17.8	50.3

There are no potential ordinary shares outstanding as at 31 December 2018. As such, the diluted earnings per share of the Group is equivalent to the basic earnings per share.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

12. DIVIDENDS

	Group and Company			
	Amount		Net Dividends per Ordinary Share	
	2018 RM'000	2017 RM'000	2018 Sen	2017 Sen
Recognised during the financial year:				
Single tier final dividend for 2016: 7.00 sen on 831,624,030 ordinary shares declared on 25 April 2017 and paid on 21 June 2017	–	58,214	–	7.00
Single tier interim dividend for 2017: 8.00 sen on 831,624,030 ordinary shares declared on 22 August 2017 and paid on 20 September 2017	–	66,530	–	8.00
Single tier special dividend for 2017: 18.00 sen on 831,624,030 ordinary shares declared on 20 February 2018 and paid on 18 April 2018	149,692	–	18.00	–
Single tier second interim dividend for 2017: 5.00 sen on 831,624,030 ordinary shares declared on 20 February 2018 and paid on 17 May 2018	41,582	–	5.00	–
Single tier interim dividend for 2018: 6.00 sen on 831,624,030 ordinary shares declared on 29 August 2018 and paid on 31 October 2018	49,897	–	6.00	–
	241,171	124,744	29.00	15.00

On 25 February 2019, the Board of Directors has declared a single tier second interim dividend of 8.00 sen per ordinary share, on 831,624,030 ordinary shares, amounting to RM66,529,922, to be paid on 9 May 2019. The entitlement date is 18 April 2019. The financial statements for the current financial year do not reflect this dividend. The dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2019.

The Directors do not recommend the payment of any final dividend in respect of the current financial year.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

13. PROPERTY, PLANT AND EQUIPMENT

	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Plant, machinery, equipment, furniture, fittings, office equipment, motor vehicles and computers RM'000	Capital work-in- progress RM'000	Total RM'000
Group						
2018						
Cost						
At 1 January 2018	1,160	7,417	16,224	440,160	41,591	506,552
Additions	–	–	–	33,391	16,864	50,255
Disposals	–	(2,631)	(2,575)	(8,598)	–	(13,804)
Written off (Note 7)	–	–	–	(11,230)	–	(11,230)
Reclassification	–	–	–	498	(498)	–
Transfer to asset held for sale (Note 25)	–	(1,783)	(1,484)	–	–	(3,267)
Exchange differences	–	–	–	(39)	–	(39)
At 31 December 2018	1,160	3,003	12,165	454,182	57,957	528,467
Accumulated depreciation and impairment loss						
At 1 January 2018	–	209	1,466	311,430	–	313,105
Charge for the year (Note 7)	–	85	318	44,598	–	45,001
Disposals	–	(180)	(406)	(2,704)	–	(3,290)
Written off (Note 7)	–	–	–	(11,221)	–	(11,221)
Transfer to asset held for sale (Note 25)	–	(76)	(118)	–	–	(194)
Exchange differences	–	–	–	33	–	33
At 31 December 2018	–	38	1,260	342,136	–	343,434
Net carrying amount						
At 31 December 2018	1,160	2,965	10,905	112,046	57,957	185,033

13. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Plant, machinery, equipment, furniture, fittings, office equipment, motor vehicles and computers RM'000	Capital work-in- progress RM'000	Total RM'000
Group (cont'd.)						
2017						
Cost						
At 1 January 2017	2,368	7,417	19,717	634,645	12,226	676,373
Additions	–	–	–	71,095	39,779	110,874
Disposals	(417)	–	(865)	(24,526)	–	(25,808)
Written off (Note 7)	–	–	–	(34,823)	(1,998)	(36,821)
Reclassification	–	–	–	8,416	(8,416)	–
Disposal of a subsidiary (Note 17(e))	(765)	–	(2,570)	(197,573)	–	(200,908)
Exchange differences	(26)	–	(58)	(17,074)	–	(17,158)
At 31 December 2017	1,160	7,417	16,224	440,160	41,591	506,552
Accumulated depreciation and impairment loss						
At 1 January 2017	–	135	2,289	446,180	–	448,604
Charge for the year (Note 7)	–	74	395	59,247	–	59,716
Disposals	–	–	(241)	(24,105)	–	(24,346)
Written off (Note 7)	–	–	–	(34,605)	–	(34,605)
Disposal of subsidiary (Note 17(e))	–	–	(956)	(124,105)	–	(125,061)
Exchange differences	–	–	(21)	(11,182)	–	(11,203)
At 31 December 2017	–	209	1,466	311,430	–	313,105
Net carrying amount						
At 31 December 2017	1,160	7,208	14,758	128,730	41,591	193,447

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For the year ended 31 December 2018

13. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

	Leasehold land RM'000	Buildings RM'000	Equipment, furniture, fittings, office equipment, motor vehicles and computers RM'000	Capital work-in- progress RM'000	Total RM'000
Company					
2018					
Cost					
At 1 January 2018	9,823	15,611	15,862	–	41,296
Additions	–	–	814	–	814
Disposals	(3,899)	(3,588)	–	–	(7,487)
Written off (Note 7)	–	–	(101)	–	(101)
Transfer to asset held for sale (Note 25)	(2,720)	(2,264)	–	–	(4,984)
At 31 December 2018	3,204	9,759	16,575	–	29,538
Accumulated depreciation and impairment loss					
At 1 January 2018	1,163	2,160	6,739	–	10,062
Charge for the year (Note 7)	102	306	2,817	–	3,225
Disposals	(749)	(855)	–	–	(1,604)
Written off (Note 7)	–	–	(101)	–	(101)
Transfer to asset held for sale (Note 25)	(377)	(755)	–	–	(1,132)
At 31 December 2018	139	856	9,455	–	10,450
Net carrying amount	3,065	8,903	7,120	–	19,088
2017					
Cost					
At 1 January 2017	9,823	15,611	10,296	565	36,295
Additions	–	–	5,001	–	5,001
Reclassification	–	–	565	(565)	–
At 31 December 2017	9,823	15,611	15,862	–	41,296
Accumulated depreciation and impairment loss					
At 1 January 2017	1,058	1,848	4,602	–	7,508
Charge for the year (Note 7)	105	312	2,137	–	2,554
At 31 December 2017	1,163	2,160	6,739	–	10,062
Net carrying amount	8,660	13,451	9,123	–	31,234

13. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

- (a) The net carrying amounts of property, plant and equipment of the Group charged to a bank for banking facilities (Note 29(d)) are as follows:

	Group	
	2018 RM'000	2017 RM'000
Plant and equipment	65,726	69,356

- (b) Net carrying amounts of plant and equipment held under finance lease arrangement are as follows:

	Group	
	2018 RM'000	2017 RM'000
Equipment	114	303

Details of the terms and conditions of the finance lease arrangement is disclosed in Note 30.

- (c) During the year, the Group and the Company acquired property, plant and equipment by way of:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Cash payment	50,163	102,170	722	5,001
Finance lease arrangements	–	3,801	–	–
Other payables	92	4,903	92	–
	50,255	110,874	814	5,001

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14. LAND HELD FOR PROPERTY DEVELOPMENT

	Land RM'000	Development expenditure RM'000	Total RM'000
Group			
At cost			
At 1 January 2017/31 December 2017/31 December 2018	830	6,674	7,504
Accumulated impairment			
At 1 January 2017	353	6,036	6,389
Impairment loss recognised in profit or loss (Note 7)	–	638	638
At 31 December 2017/31 December 2018	353	6,674	7,027
Carrying amount at 31 December 2017/31 December 2018	477	–	477

15. PREPAID LAND LEASE PAYMENTS

	Group	
	2018 RM'000	2017 RM'000
Cost		
At 1 January/31 December	4,320	4,320
Accumulated amortisation		
At 1 January	1,257	1,170
Amortisation for the year (Note 7)	87	87
At 31 December	1,344	1,257
Net carrying amount	2,976	3,063
Amount to be amortised		
Not later than one year	87	87
Later than one year but not later than five years	348	348
Later than five years	2,541	2,628

Leasehold land with an aggregate carrying value of RM2.1 million (2017: RM2.2 million) are pledged as securities for banking facilities (Note 29(d)).

16. INTANGIBLE ASSETS

	Goodwill RM'000 Note a	Customer contracts RM'000 Note b	Customer relationships RM'000 Note b	Software and other development cost RM'000 Note c	Software- in-progress RM'000	Total RM'000
Group						
Cost						
At 1 January 2017	901,288	33,996	181,893	68,866	–	1,186,043
Additions	–	–	–	18,102	–	18,102
Disposal	–	–	–	(4,668)	–	(4,668)
Written off	–	–	–	(181)	–	(181)
Disposal of a subsidiary (Note 17(e))	(347,145)	–	(4,639)	(35,027)	–	(386,811)
Exchange difference	(20,495)	–	(3,879)	(2,746)	–	(27,120)
At 31 December 2017	533,648	33,996	173,375	44,346	–	785,365
Additions	–	–	–	7,318	12,186	19,504
Exchange difference	427	–	207	5	–	639
At 31 December 2018	534,075	33,996	173,582	51,669	12,186	805,508
Accumulated amortisation and impairment						
At 1 January 2017	160,933	1,645	2,947	55,990	–	221,515
Amortisation during the year (Note 7)	–	2,193	19,179	5,654	–	27,026
Disposal	–	–	–	(4,668)	–	(4,668)
Written off	–	–	–	(181)	–	(181)
Disposal of a subsidiary (Note 17(e))	(155,770)	–	(2,430)	(27,042)	–	(185,242)
Exchange difference	(5,163)	–	(583)	(1,750)	–	(7,496)
At 31 December 2017	–	3,838	19,113	28,003	–	50,954
Amortisation during the year (Note 7)	–	2,193	17,825	2,335	–	22,353
Exchange difference	–	–	267	7	–	274
At 31 December 2018	–	6,031	37,205	30,345	–	73,581
Net carrying amount						
At 31 December 2018	534,075	27,965	136,377	21,324	12,186	731,927
At 31 December 2017	533,648	30,158	154,262	16,343	–	734,411

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

16. INTANGIBLE ASSETS (CONT'D.)

Company	Software RM'000	Software- in-progress RM'000	Total RM'000
Cost			
At 1 January 2017	461	–	461
Additions	210	–	210
At 31 December 2017	671	–	671
At 1 January 2018	671	–	671
Additions	1,380	12,186	13,566
At 31 December 2018	2,051	12,186	14,237
Accumulated amortisation			
At 1 January 2017	449	–	449
Amortisation for the year (Note 7)	55	–	55
At 31 December 2017	504	–	504
At 1 January 2018	504	–	504
Amortisation for the year (Note 7)	183	–	183
At 31 December 2018	687	–	687
Net carrying amount			
At 31 December 2018	1,364	12,186	13,550
At 31 December 2017	167	–	167

16. INTANGIBLE ASSETS (CONT'D.)**(a) Goodwill****Impairment testing of goodwill**

Goodwill is allocated and monitored by management across the following cash generating units ("CGU"):

	2018	2017
	RM'000	RM'000
Consultancy		
Opus Group Berhad	38,636	38,636
Healthcare services		
Edgenta Mediserve Sdn. Bhd. ("EMS")	26,982	26,982
Edgenta UEMS Group:		
- Malaysia	63,528	63,449
- Singapore	268,258	267,923
- Taiwan	10,699	10,686
Property and Facility Solutions		
KFM Holdings Sdn. Bhd. ("KFM")	49,600	49,600
Infrastructure services		
Edgenta PROPEL Berhad	76,372	76,372
	534,075	533,648

Goodwill is tested for impairment on an annual basis by comparing the carrying amount of the CGU with their respective recoverable amounts, which is based on value-in-use. The value-in-use is determined by discounting future cash flows over a period of five years including a terminal value. The future cash flows are based on management's future business plan, which is the best estimate of immediate future performance.

For EMS, the value-in-use is determined by discounting cash flows over the remaining concession period.

Key assumptions used in value-in-use calculation

The discount rates applied to the cash flow projections and the forecasted growth rates used to extrapolate cash flows beyond the projection period are as follows:

	Projection period Years	Discount rate		Terminal growth rate	
		2018	2017	2018	2017
		%	%	%	%
Consultancy					
Opus Group Berhad	5	13.0	13.0	1.0	1.0
Healthcare services					
EMS	10	12.0	12.0	*	*
Edgenta UEMS Group:					
- Malaysia	5	11.0	10.0	2.0	2.0
- Singapore	5	8.0	8.0	1.0	1.0
- Taiwan	5	8.0	8.0	1.0	1.0
Property and Facility Solutions					
KFM	5	12.0	12.0	1.0	1.0
Infrastructure services					
Edgenta PROPEL Berhad	5	12.0	12.0	1.0	1.0

* Future cash flows for the integrated facilities management unit are estimated covering the concession period of ten years with no terminal value.

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16. INTANGIBLE ASSETS (CONT'D.)

(a) Goodwill (cont'd.)

The calculation of the value-in-use for the CGUs are most sensitive to the following assumptions:

(i) Budgeted gross margin

The basis used to determine the value assigned to the budgeted gross margins is the average gross margins and average growth rate achieved in the years before the budgeted year, adjusted for market and economic conditions and internal resource efficiency.

(ii) Discount rate

The discount rates reflect the current market assessment of the risks specific to each CGU. This reflected the management's best estimate of return on capital employed required in the Group.

(iii) Terminal growth rate

Terminal growth rates used to extrapolate cash flows beyond the budget period is based on published industry research for each business.

Sensitivity to change in assumption

Management believes that no reasonable possible change in any of the above key assumptions would cause the recoverable amount of each of the CGUs to be materially lower than their respective amount, other than the UEMS - Malaysia CGU, as follows:

	Decrease in profit before tax 2018 RM'000
Increase in 1% of discount rate	6,144
Decrease in 1% of terminal growth rate	5,635

(b) Customer contracts and relationships

Customer contracts and relationships arose from the acquisition of KFM and Edgenta UEMS Group in 2016 and are amortised over the range of 5 to 15 years.

(c) Software and other development cost

Computer software represents licenses and other software assets that are not an integral part of property, plant and equipment assets. Software assets are recorded at cost and have finite useful life based on the term of the license or other contractual basis. The cost is amortised over the estimated asset's useful life of 3 to 5 years.

Other development cost relates to the development of a framework for the application of improved processes, systems and services for servicing expressways.

17. INVESTMENT IN SUBSIDIARIES

	Company	
	2018	2017
	RM'000	RM'000
Unquoted shares, at cost:		
- Malaysian subsidiaries	2,134,211	2,134,211
- Foreign subsidiaries	86,795	86,795
	2,221,006	2,221,006
Less: Accumulated impairment (a)	(431,963)	(302,963)
	1,789,043	1,918,043

Certain unquoted shares in subsidiaries are pledged to financial institutions for facilities granted to the Group and the Company as disclosed in Note 29(a).

Further details of the subsidiaries are disclosed in Note 45.

(a) Impairment of investment in a subsidiary

During the current financial year, an impairment loss of RM129.0 million (2017: RM111.9 million) was recognised against the carrying amount of its investment in Opus Group Berhad ("OGB") to its recoverable amount. Based on management's assessment, the recoverable amount of its investment in OGB was RM761.6 million (2017: RM890.6 million) which was estimated based on the value-in-use of OGB.

(b) Restructuring of Edgenta UEMS Pte. Ltd. (Formerly known as UEMS Pte. Ltd.)

On 10 August 2018, Edgenta UEMS Pte. Ltd. became a direct subsidiary of Edgenta (Singapore) Pte. Ltd. ("ESG"), a wholly-owned subsidiary of the Company via the transfer of shares by way of distribution-in-specie from Asia Integrated Facility Solutions Pte. Ltd. ("AIFS"), a wholly owned subsidiary of ESG.

The restructuring had no material effect to the financial statements of the Group and Company.

(c) Dissolution of International Business Link Inc. ("IBL")

On 1 November 2018, IBL, a wholly-owned subsidiary of Opus Group Berhad, which in turn is a wholly-owned subsidiary of the Company, had been struck off from the British Virgin Islands' Registry of Corporate Affairs.

(d) Members' voluntary winding-up of AIFS and Asia Facility Solutions Pte. Ltd. ("AFS")

On 22 November 2017, AIFS and AFS, indirect wholly-owned subsidiaries of the Company incorporated in Singapore, had been placed under members' voluntary winding-up pursuant to Section 290(1) of the Singapore Companies Act (Cap. 50). The members' voluntary winding up was completed on 27 December 2018.

The voluntary wind-up had no material effect to the earnings, gearing or net asset of the Group and Company.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

17. INVESTMENT IN SUBSIDIARIES (CONT'D.)

(e) Prior year disposal of a subsidiary

On 4 December 2017, Opus International (NZ) Limited, a wholly-owned subsidiary of Opus Group Berhad, which in turn was a wholly-owned subsidiary of the Company, had completed the disposal of its entire shareholding of 90,511,615 shares in Opus International Consultants Limited ("OIC"), representing 61.2% of its total issued and paid-up share capital, for a cash consideration of NZD 161.1 million (equivalent to RM463.0 million).

The comparative statement of comprehensive income and relevant notes have been re-presented to show the discontinued operation separately from continuing operations.

The results of the discontinued operation were as follows:

	2017
	RM'000
Revenue	1,320,293
Cost of sales	(675,117)
Gross profit	645,176
Other income	5,989
Expenses	(578,403)
Finance costs	(7,309)
Share of results of joint ventures	2,972
Profit before tax	68,425
Income tax	(33,701)
Results from operating activities	34,724
Gain on disposal of a subsidiary	274,909
Profit from discontinued operation	309,633

Cash flows attributable to discontinued operation are as follows:

	2017
	RM'000
Operating cash flows	56,665
Investing cash flows	(5,581)
Financing cash flows	(36,304)
Total cash flows from discontinued operation	14,780

17. INVESTMENT IN SUBSIDIARIES (CONT'D.)**(e) Prior year disposal of a subsidiary (cont'd.)**

The value of the assets and liabilities disposed on 4 December 2017 are as follows:

	RM'000
Property, plant and equipment	75,847
Other intangible assets	10,194
Goodwill	191,375
Deferred tax assets	30,372
Receivables and other assets	394,258
Cash, bank balances and deposits	63,005
Borrowings	(176,150)
Payables and other liabilities	(261,644)
Total value of net assets disposed	327,257
Less: Non-controlling interest	(108,447)
Group's share of net assets disposed	218,810
Cumulative foreign exchange differences reclassified to profit or loss	30,720
Consideration received, satisfied in cash	462,999
Gain on disposal of a subsidiary	274,909

The effect of the disposal on cash flows is as follows:

	RM'000
Consideration received, satisfied in cash	462,999
Less: Cash and cash equivalents of subsidiary disposed	(58,002)
Net cash inflows from disposal of a subsidiary	404,997

Summarised financial information

Summarised financial information of KFM and Rimbunan Melati Sdn. Bhd. ("Rimbunan Melati"), which have non-controlling interests that are material to the Group, is set out below. The summarised financial information presented below is the amount before inter-company elimination. The non-controlling interests in respect of other entities within the Group are not material to the Group.

(i) Summarised statements of financial position

	Rimbunan Melati		KFM		Total	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Non-current assets	–	1	139,539	139,070	139,539	139,071
Current assets	24,339	25,179	123,889	113,144	148,228	138,323
Total assets	24,339	25,180	263,428	252,214	287,767	277,394
Non-current liabilities	–	–	105,975	108,181	105,975	108,181
Current liabilities	11,594	4,595	52,938	53,336	64,532	57,931
Total liabilities	11,594	4,595	158,913	161,517	170,507	166,112
Net assets	12,745	20,585	104,515	90,697	117,260	111,282
Equity attributable to owners of the Company	7,010	11,322	104,515	90,697	111,525	102,019
Non-controlling interests	5,735	9,263	–*	–*	5,735	9,263

* At each reporting date, the non-controlling interest is derecognised against the equity arising from the put option issued to the non-controlling interest as if it was acquired at that date (Note 35(a)).

NOTES TO THE FINANCIAL STATEMENTS

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17. INVESTMENT IN SUBSIDIARIES (CONT'D.)

Summarised financial information (cont'd.)

(ii) Summarised statements of comprehensive income

	Rimbunan Melati		KFM		Total	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Revenue	–	–	102,796	103,433	102,796	103,433
(Loss)/profit for the year, representing total comprehensive (loss)/income for the year	(340)	(1,899)	13,691	9,389	13,351	7,490
Attributable to:						
- owners of the Company	(187)	(1,044)	10,953	7,511	10,766	6,467
- non-controlling interests	(153)	(855)	2,738	1,878	2,585	1,023
	(340)	(1,899)	13,691	9,389	13,351	7,490
Dividend paid to non-controlling interests	–	–	–	–	–	–

(iii) Summarised statements of cash flows

	Rimbunan Melati		KFM		Total	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Net cash (used in)/ generated from operating activities	(223)	(1,628)	20,830	14,029	20,607	12,401
Net cash (used in)/ generated from investing activities	(10,000)	3,833	311	(306)	(9,689)	3,527
Net cash used in financing activities	–	–	(3,227)	(3,748)	(3,227)	(3,748)
Net (decrease)/increase in cash and cash equivalents	(10,223)	2,205	17,914	9,975	7,691	12,180
Net foreign exchange differences	–	–	37	168	37	168
Cash and cash equivalents at beginning of the year	22,812	20,607	36,251	26,108	59,063	46,715
Cash and cash equivalents at end of the year	12,589	22,812	54,202	36,251	66,791	59,063

18. INVESTMENT IN ASSOCIATES

	Group	
	2018	2017
	RM'000	RM'000
Unquoted shares, at cost		
In Malaysia	6,068	6,068
Outside Malaysia	6,082	6,082
	12,150	12,150
Share of post-acquisition reserves	55,485	41,533
Less: Dividend received	(6,400)	(2,400)
	61,235	51,283

Further details of the associates are disclosed in Note 45.

Summarised financial information of Faber Sindoori Management Services Private Limited ("Faber Sindoori"), Biomedix Solutions Sdn. Bhd. ("Biomedix"), One Medicare Sdn. Bhd. ("One Medicare") and Sedafiat Sdn. Bhd. ("Sedafiat"), that are material associates of the Group are set out below. The summarised financial information represents the amounts in the MFRS financial statements of the associates and not the Group's share of those amounts.

(i) Summarised statements of financial position

	Faber Sindoori		Biomedix		One Medicare		Sedafiat		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Non-current assets	4,039	4,514	2,835	3,094	8,469	7,621	21,059	18,636	36,402	33,865
Current assets	53,273	43,600	31,306	28,376	65,124	77,177	76,852	137,874	226,555	287,027
Total assets	57,312	48,114	34,141	31,470	73,593	84,798	97,911	156,510	262,957	320,892
Non-current liabilities	2,499	2,460	541	203	3,164	5,107	2,385	–	8,589	7,770
Current liabilities	9,012	13,665	6,694	9,020	40,338	53,118	62,863	122,017	118,907	197,820
Total liabilities	11,511	16,125	7,235	9,223	43,502	58,225	65,248	122,017	127,496	205,590
Net assets	45,801	31,989	26,906	22,247	30,091	26,573	32,663	34,493	135,461	115,302

(ii) Summarised statements of comprehensive income

	Faber Sindoori		Biomedix		One Medicare		Sedafiat		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	100,432	100,249	48,003	46,037	186,022	179,531	227,322	215,571	561,779	541,388
Profit before tax	21,326	17,843	19,288	19,393	4,628	2,900	5,640	19,570	50,882	59,706
Profit for the year	13,812	12,622	14,659	14,746	3,518	2,392	4,170	15,908	36,159	45,668
Total comprehensive income	13,812	12,622	14,659	14,746	3,518	2,392	4,170	15,908	36,159	45,668
Dividend received from the associates during the year	–	–	4,000	–	–	–	2,400	2,400	6,400	2,400

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18. INVESTMENT IN ASSOCIATES (CONT'D.)

(iii) Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in associates

	Faber Sindoori		Biomedix		One Medicare		Sedafiat		Total	
	2018 RM'000	2017 RM'000								
Net assets										
at 1 January	31,989	19,367	22,247	7,501	26,573	24,181	34,493	24,585	115,302	75,634
Profit for the year	13,812	12,622	14,659	14,746	3,518	2,392	4,170	15,908	36,159	45,668
Dividend from associate	-	-	(10,000)	-	-	-	(6,000)	(6,000)	(16,000)	(6,000)
Net assets at										
31 December	45,801	31,989	26,906	22,247	30,091	26,573	32,663	34,493	135,461	115,302
Interest in associates	51%	51%	40%	40%	40%	40%	40%	40%		
Exchange differences	(864)	(716)	-	-	-	-	-	-	(864)	(716)
Carrying value of Group's interest in material associate	22,495	15,598	10,762	8,899	12,036	10,629	13,065	13,797	58,358	48,923

19. OTHER INVESTMENTS

	Group and Company	
	2018 RM'000	2017 RM'000
Equity instruments (unquoted shares in Malaysia)	1,200	1,200
Less: Accumulated impairment losses	(1,200)	(1,200)
Unquoted shares, net	-	-
Club memberships	272	272
	272	272

20. INVENTORIES

	Group	
	2018 RM'000	2017 RM'000
Cost		
Consumables	11,397	11,691
Properties held for sale	145,381	157,010
	156,778	168,701

During the year, the amounts of inventories recognised as expenses in cost of sales of the Group for consumables and properties held for sale were RM105.6 million and RM11.6 million (2017: RM93.3 million and RM4.4 million) respectively.

21. TRADE AND OTHER RECEIVABLES

	31 December 2018 RM'000	Group 31 December 2017 RM'000	1 January 2017 RM'000
Current			
Trade receivables (Note a)			
Third parties	409,067	409,003	515,295
Related companies	258,066	187,914	193,847
Associates	18,503	8,557	43,358
	685,636	605,474	752,500
Less: Allowance for expected credit losses:			
Third parties	(45,380)	(41,768)	(48,770)
Related companies	(707)	(707)	(627)
	(46,087)	(42,475)	(49,397)
Retention receivables:			
Third parties	5,262	18,649	19,278
Related companies	1,121	18,126	13,148
	6,383	36,775	32,426
Trade receivables, net	645,932	599,774	735,529
Concession receivable (Note c)	22,600	22,600	22,600
Other receivables (Note b)			
Amounts due from related parties:			
Associates	1,086	684	3,478
Holding company	501	–	2
Related companies	463	351	41
Joint ventures	–	–	11,539
	2,050	1,035	15,060
Deposits	41,027	14,985	15,775
Sundry receivables	42,355	62,604	76,138
	85,432	78,624	106,973
Less: Allowance for expected credit losses:			
Sundry receivables	(3,031)	(2,997)	(2,751)
Related companies	(9)	(9)	–
	(3,040)	(3,006)	(2,751)
Other receivables, net	82,392	75,618	104,222
Other current assets			
Prepayments	13,601	10,794	8,407
Others	3,744	1,701	1,701
	17,345	12,495	10,108
Total	768,269	710,487	872,459

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21. TRADE AND OTHER RECEIVABLES (CONT'D.)

	31 December 2018 RM'000	Group 31 December 2017 RM'000	1 January 2017 RM'000
Non-current			
Trade receivables (Note a)			
Third parties	27,662	27,114	30,007
Less: Allowance for expected credit losses	(27,662)	(27,114)	(30,007)
	-	-	-
Retention receivables:			
Third parties	3,351	6,791	4,532
Related companies	4,613	3,340	6,886
Trade receivables, net	7,964	10,131	11,418
Concession receivable (Note c)	120,375	131,605	130,267
Total	128,339	141,736	141,685
		Company	
		2018 RM'000	2017 RM'000
Current			
Other receivables (Note b)			
Amounts due from subsidiaries		146,561	94,411
Amount due from related parties		133	-
Deposits		1,863	1,768
Sundry receivables		1,952	2,106
		150,509	98,285
Less: Allowance for expected credit losses:			
Sundry receivables		(216)	(216)
Subsidiaries		(18,088)	(18,088)
		(18,304)	(18,304)
Other receivables, net		132,205	79,981
Total		132,205	79,981
Non-current			
Loan to a subsidiary (Note b)		95,754	92,841

21. TRADE AND OTHER RECEIVABLES (CONT'D.)

Movements in allowance for expected credit losses ("ECLs"):

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
At 1 January	72,595	82,155	18,304	18,304
Charge for the year (Note 7)	9,935	15,499	–	–
Reversal of impairment (Note 7)	(2,714)	(10,218)	–	–
Written off	(3,468)	(3,025)	–	–
Disposal of a subsidiary	–	(8,868)	–	–
Exchange differences	441	(2,948)	–	–
At 31 December	76,789	72,595	18,304	18,304

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2017: 30 to 90 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	Group	
	2018 RM'000	2017 RM'000
Neither past due nor impaired	215,456	255,100
1 to 30 days past due from the credit terms but not impaired	110,707	114,844
31 to 60 days past due from the credit terms but not impaired	30,440	55,462
61 to 90 days past due from the credit terms but not impaired	12,660	36,293
91 to 120 days past due from the credit terms but not impaired	174,373	31,495
More than 121 days past due from the credit terms but not impaired	110,260	116,711
	438,440	354,805
Impaired	73,749	69,589
	727,645	679,494

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. At the reporting date, approximately 69% (2017: 32%) of the Group's trade receivables arose from current receivable balances with a related company, while approximately 16% (2017: 30%) of the Group's trade receivables arose from current receivable balances with Ministry of Health ("MOH").

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due from the credit terms but not impaired

The Group has trade receivables amounting to RM438.4 million (2017: RM354.8 million) that are past due from the credit terms at the reporting date but not impaired.

These receivables are unsecured. Based on past experience, the management believes that no allowance for impairment is necessary as these debtors are generally slower in their repayment and the Group is still in active trade with these customers.

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21. TRADE AND OTHER RECEIVABLES (CONT'D.)

(a) Trade receivables (cont'd.)

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date are as follows:

	Individually impaired	
	2018	2017
	RM'000	RM'000
Trade receivables		
- nominal amounts	73,749	69,589
Less: Allowance for impairment	(73,749)	(69,589)
	-	-

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

Amount due from a debtor of a foreign subsidiary

Included in the Group's non-current trade receivables is an amount due from a debtor of a foreign subsidiary, which is non-interest bearing, unsecured and is to be paid in cash. The movement of the amount is as follows:

	Group	
	2018	2017
	RM'000	RM'000
At 1 January	27,114	30,007
Exchange difference	548	(2,893)
At 31 December	27,662	27,114
Less: Allowance for impairment		
At 1 January	(27,114)	(30,007)
Exchange difference	(548)	2,893
At 31 December	(27,662)	(27,114)
Net debt	-	-

(b) Other receivables

Amounts due from subsidiaries and related companies

Amounts due from subsidiaries, related companies and associates are non-trade related, non-interest bearing and repayable on demand except for an amount due from subsidiaries of RM7,564,912 which bears interest at ranging from 4.75% to 5.00% per annum. All related companies balances are unsecured and are to be settled in cash.

The loan to a subsidiary is subordinated to the subsidiary's borrowing from a financial institution until the borrowing is fully repaid as disclosed in Note 29(a).

Further details on related party transactions are disclosed in Note 40.

Other receivables that are impaired

At the reporting date, the Group and the Company have provided an allowance of RM3.0 million (2017: RM3.0 million) and RM0.2 million (2017: RM0.2 million) respectively. These mainly relate to balances due from third parties which have been long outstanding.

21. TRADE AND OTHER RECEIVABLES (CONT'D.)**(c) Concession receivable**

This is in relation to a concession arrangement in which the Group provides retro-fitting works and upgrades of infrastructure to turn existing buildings into green buildings. These amounts are to be repaid over the remaining period of the concession. These amounts are also pledged as security for the borrowing obtained for this concession as disclosed in Note 29 (b).

22. CONTRACT ASSETS AND LIABILITIES

	31 December 2018 RM'000	Group 31 December 2017 RM'000	1 January 2017 RM'000
Contract assets			
- Non-current	20,088	–	–
- Current	179,758	261,563	354,458
	199,846	261,563	354,458
Contract liabilities			
- Current	(14,368)	(27,762)	(81,869)

Contract assets are initially recognised for revenue earned from services transferred which receipt of the consideration is conditional on the completion and final acceptance by customers. Upon final acceptance by the customers, the amounts recognised as contract assets becomes unconditional and are reclassified to trade receivables.

Contract liabilities include billings made in advance which represent amounts where customers have been invoiced ahead of the satisfaction of the performance obligation by the Group.

Set out below is the amount of revenue recognised from:

	Group 2018 RM'000	2017 RM'000
Amounts included in contract liabilities at the beginning of the year	27,762	81,869

23. SHORT TERM INVESTMENTS

	Group 2018 RM'000	2017 RM'000
Fair value through profit or loss investments:		
- unquoted unit trusts	95,989	181,054
- investment in Islamic funds	11,189	2,371
	107,178	183,425

Unquoted unit trusts represent investment funds invested with licensed fund managers in the funds approved by the Securities Commission. The portfolio of investments authorised by the Board of Directors comprises only deposits in both Islamic and conventional instruments with financial institutions.

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For the year ended 31 December 2018

24. CASH, BANK BALANCES AND DEPOSITS

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Cash in hand and at banks	232,187	200,091	4,273	4,912
Deposits with:				
- licensed banks	264,106	309,131	27,126	82,365
- other financial institutions	—	10,860	—	—
	496,293	520,082	31,399	87,277

- (a) Included in cash at bank of the Group are amounts of RM20.4 million (2017: RM13.9 million) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966 and Section 8A of the Housing Development Account (Control and Licensing) Sabah Act, 1978 and are restricted for use in other operations.
- (b) Deposits with licensed banks of the Group amounting to RM15.7 million (2017: RM14.8 million) are on lien for bank guarantee facilities granted to certain subsidiaries. As at 31 December 2018, the subsidiaries have utilised guarantee facilities amounting to RM12.1 million (2017: RM12.1 million).
- (c) Deposits with licensed banks amounting to RM5.6 million (2017: RM3.5 million) are pledged to secure certain facilities granted to the Group.
- (d) Deposits with licensed banks of the Group amounting to RM12.2 million (2017: RM12.9 million) are pledged as securities for bank borrowing granted to a foreign subsidiary.

Other information on financial risks of cash, bank balances and deposits are disclosed in Note 42.

25. ASSET HELD FOR SALE

The Company has entered into a sale and purchase agreement for the disposal of one unit of its property which consists of leasehold land and building at a total consideration approximating its carrying amount. The disposal is expected to be completed in 2019. Accordingly, the property has been classified as non-current asset held for sale as at the year end.

The carrying amount of non-current asset classified as held for sale of the Group and Company as at 31 December 2018 is as follows:

	Group 2018 RM'000	Company 2018 RM'000
Leasehold land	1,707	2,343
Building	1,366	1,509
	3,073	3,852

26. RETIREMENT BENEFIT OBLIGATIONS

The Group operates an unfunded, defined benefit Retirement Benefit Scheme ("the Scheme") for its eligible employees. The Scheme is closed to new employees. Under the Scheme, eligible employees are entitled to retirement benefits on attainment of the retirement age of 60 (2017: 60), on medical incapacity or on death. The present value of defined benefit obligation was based on the actuarial valuation report by independent actuary dated 20 January 2019.

The details of the net employee benefits liability are as follows:

	Group	
	2018	2017
	RM'000	RM'000
Present value of the defined benefit obligations ("PVDBO")		
At 1 January	4,130	4,118
Defined retirement benefit obligations (Note 8)	273	273
Actuarial gain	253	(58)
Contributions paid	(200)	(203)
At 31 December	4,456	4,130

Analysis of funded and unfunded PVDBO

PVDBO from plans that are wholly unfunded	4,456	4,130
Analysed as:		
Current	940	430
Non-current:		
Later than 1 year but not later than 2 years	564	643
Later than 2 years	2,952	3,057
	3,516	3,700
	4,456	4,130

The details of net employee benefits expense recognised in income statement are as follows:

	Group	
	2018	2017
	RM'000	RM'000
Current service costs	67	64
Interest cost	206	209
Net employee benefits expense (Note 8)	273	273

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For the year ended 31 December 2018

26. RETIREMENT BENEFIT OBLIGATIONS (CONT'D.)

Total amount recognised in statement of comprehensive income

	Group	
	2018 RM'000	2017 RM'000
Cumulative amount of actuarial loss recognised in statement of comprehensive income:		
At 1 January	710	768
Actuarial loss/(gain) recognised in other comprehensive income	253	(58)
At 31 December	963	710
Historical experience adjustments:		
PVDBO	4,456	4,130
Experience adjustment (value)	253	(58)
Experience adjustment (% of PVDBO)	6%	-1%

Principal actuarial assumptions used:

	2018 %	2017 %
Discount rate	4.90	5.25
Expected rate of salary increases	5.00	6.00

Assumptions regarding future mortality are based on published statistics and mortality tables.

A one percentage point change in the below key assumptions would have the following effects:

	Increase/(decrease) in PVDBO	
	2018 RM'000	2017 RM'000
Discount rate		
Increase in one percentage point on discount rate	(135)	(162)
Decrease in one percentage point on discount rate	144	174
Salary increment rate		
Increase in one percentage point on salary increment rate	342	604
Decrease in one percentage point on salary increment rate	(321)	(549)

27. DEFINED BENEFIT PENSION PLAN

Edgenta UEMS Ltd. (formerly known as UEMS Solutions Ltd.) ("UEMS Taiwan")

UEMS Taiwan has a retirement plan covering all its regular employees who opted for defined benefits plan. Benefits under the plan are based on the length of service and estimated base pay at the time of retirement. The pension assets and liabilities are valued on annual basis by independent actuary, taking into account gains and losses.

The plan assets, comprising cash and cash equivalents, are deposited with the Bank of Taiwan and are managed by the government of Taiwan. The plan assets do not have quoted market prices in active market.

Amount recognised in the income statement and statement of comprehensive income:

	Group	
	2018	2017
	RM'000	RM'000
Current service cost	–	448
Interest cost on benefit obligation	31	1,122
Administration cost	–	172
Expected return on plan assets	–	(977)
Employer's contribution	(55)	(2,017)
Interest income	(5)	–
Total included in employee benefits expense (Note 8)	(29)	(1,252)
Net actuarial (gain)/loss recognised for the year	(104)	1,023
	(133)	(229)

Amount recognised in statement of financial position:

	Group	
	2018	2017
	RM'000	RM'000
Present value of defined benefit obligation	1,797	2,286
Fair value of plan assets	(38)	(382)
Defined benefit obligation	1,759	1,904

NOTES TO THE FINANCIAL STATEMENTS

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27. DEFINED BENEFIT PENSION PLAN (CONT'D.)

Changes in present value of defined benefit obligation:

	Group	
	2018 RM'000	2017 RM'000
At 1 January	2,286	41,727
Current service cost	–	448
Interest cost	31	1,122
Employees' contribution	–	49
Benefit paid	(403)	(2,144)
Actuarial (gain)/loss	(100)	1,382
Disposal of a subsidiary	–	(39,736)
Exchange differences	(17)	(562)
At 31 December	1,797	2,286

Changes in fair value of plan assets:

	Group	
	2018 RM'000	2017 RM'000
At 1 January	(382)	(35,186)
Expected return	–	(977)
Employer's contribution	(55)	(2,017)
Employees' contribution	–	(49)
Benefit paid	403	2,144
Actuarial gain	(4)	(359)
Administration costs	–	172
Interest income	(5)	–
Disposal of a subsidiary	–	35,395
Exchange differences	5	495
31 December	(38)	(382)

The principal assumptions used in determining defined benefit obligation of the Group are shown below:

	Group	
	2018 RM'000	2017 RM'000
Discount rate	2.0%	1.4%
Salary escalation	1.1%	3.0%

27. DEFINED BENEFIT PENSION PLAN (CONT'D.)

Actual return on plan assets:

	Group	
	2018	2017
	RM'000	RM'000
Actual return of plan assets	(4)	(1,336)
Less: Expected return on plan assets	–	977
Actuarial gain recognised in the other comprehensive income	(4)	(359)

A quantitative sensitivity analysis for significant assumptions as at 31 December 2018 and 2017 are as shown below:

Sensitivity Level	Increase in one percentage		Decrease in one percentage	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Assumptions				
Discount rate	(16)	(293)	18	293
Salary increase	4	287	(3)	(287)

The sensitivity analysis above has been determined based on a method that extrapolates the impact on net defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The average duration of the defined benefit obligation at the end of the reporting period is 12 years (2017: 12 years).

28. PROVISIONS

	Group	
	2018	2017
	RM'000	RM'000
<u>Non-current:</u>		
Provision for employee service entitlements (Note a)	1,872	1,395
<u>Current:</u>		
Provision for long term incentive plan (Note b)	1,620	1,784
Total	3,492	3,179
	Company	
	2018	2017
	RM'000	RM'000
Current:		
Provision for long term incentive plan (Note b)	–	200

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28. PROVISIONS (CONT'D.)

(a) Provision for employee service entitlements

	Group	
	2018 RM'000	2017 RM'000
At 1 January	1,395	27,343
Charged to the income statement (Note 8)	532	2,257
Payments made	—	(3,238)
Disposal of a subsidiary	—	(22,941)
Exchange differences	(55)	(2,026)
At 31 December	1,872	1,395

Provision for employee service entitlements comprises provisions for retirement leave entitlements in respect of eligible employees. The provisions are in respect of both vested and unvested entitlements, and are made by reference to independent actuarial valuations. The timing of such payments depends on when vesting occurs and the subsequent retirement date of the eligible employees.

(b) Provision for long term incentive plan ("LTIP")

The Company and some of its subsidiaries grant the Shadow Share Option Scheme, i.e. LTIP, to eligible employees, as part of the remuneration package, whereby the employees will be entitled to future cash payments subject to meeting the pre-determined financial performance and value growth targets of the Group over a specific performance vesting period.

29. BORROWINGS

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Current borrowings				
Secured:				
Murabahah Term Facility (Note a)	31,461	28,155	—	—
Term loans (Note b)	39,708	35,803	—	—
Finance leases (Note 30)	1,101	1,074	—	—
	72,270	65,032	—	—
Unsecured:				
Islamic Commercial Papers (Note c)	49,964	49,964	49,964	49,964
Islamic Medium Term Notes (Note c)	2,226	2,226	2,226	2,226
Total short term borrowings	124,460	117,222	52,190	52,190
Non-current borrowings				
Secured:				
Murabahah Term Facility (Note a)	69,604	100,939	—	—
Term loans (Note b)	86,750	88,933	—	—
Finance leases (Note 30)	2,026	3,166	—	—
	158,380	193,038	—	—
Unsecured:				
Islamic Medium Term Notes (Note c)	249,625	249,501	249,625	249,501
Total long term borrowings	408,005	442,539	249,625	249,501

29. BORROWINGS (CONT'D.)

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Total borrowings				
Secured:				
Murabahah Term Facility (Note a)	101,065	129,094	—	—
Term loans (Note b)	126,458	124,736	—	—
Finance leases (Note 30)	3,127	4,240	—	—
	230,650	258,070	—	—
Unsecured:				
Islamic Commercial Papers (Note c)	49,964	49,964	49,964	49,964
Islamic Medium Term Notes (Note c)	251,851	251,727	251,851	251,727
Total borrowings	532,465	559,761	301,815	301,691

The maturity profile of the loans and borrowings are as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
On demand or within one year	124,460	117,222	52,190	52,190
More than 1 year and less than 2 years	41,689	41,012	—	—
More than 2 years and less than 5 years	318,785	348,474	249,625	249,501
More than 5 years	47,531	53,053	—	—
	408,005	442,539	249,625	249,501
	532,465	559,761	301,815	301,691

(a) Murabahah Term Facility

On 1 December 2016, the Company and its subsidiary, Edgenta Singapore obtained Murabahah Term Facility of RM415.2 million (SGD134.6 million) ("Facility A") and RM160.7 million (SGD52.4 million) ("Facility B") to finance the acquisition of AIFS.

The profits charged on the borrowing are repayable on quarterly basis, while the principals are repayable on annual basis, for the period of 3 years for Facility A and 5 years for Facility B, from the date of the first drawdown on 15 December 2016.

The weighted average effective profit rate of facility at the reporting date was Nil (2017: Nil) per annum for Facility A and 3.99% (2017: 3.61%) per annum for Facility B.

The Facilities A and B are secured by:

- (i) Equitable mortgage over all securities and shares of Edgenta Singapore and its subsidiaries;
- (ii) Debenture creating registered fixed and floating charges over all present and future assets of Edgenta Singapore and its subsidiaries;
- (iii) Charge over the Designated Accounts of the Company;
- (iv) Assignment of AIFS's rights, title, interest and benefits under the Sales and Purchase Agreement dated 26 September 2016 ("SPA");

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29. BORROWINGS (CONT'D.)

(a) Murabahah Term Facility (cont'd.)

- (v) Cash security equivalent to 20% of the purchase consideration under SPA (whereby the monies set aside for the Standby Letter of Credit ("SBLC") facility shall be taken into consideration and counted towards this amount upon expiry of the SBLC or upon cancellation of the SBLC; whichever is earlier);
- (vi) Charge over the Designated Accounts of each customer utilising Facility B; and
- (vii) Assignment of all financing/advances provided to the Edgenta Singapore and its subsidiaries.

In prior year, the Group and the Company have made repayment for the full settlement for Facility A and partial settlement of RM30.2 million (SGD9.8 million) for Facility B.

(b) Term loans

(i) Secured term loans

Secured term loans bear interests which range from 1.80% to 5.48% per annum (2017: 1.90 % to 7.30% per annum). The term loans are secured by:

- a. Charge over cash and fixed deposit;
- b. Assignment of rights, title, interest and benefits of the customer under the Concession Agreement in respect of the followings:
 - i. Project Payment Charges
 - ii. Amount payable to the Customer by the Government of Malaysia as a result of early termination
 - iii. Appointment of Substituted Entity
- c. Assignment of proceeds over revenue and other income generated from the project;
- d. Assignment over designated accounts;
- e. Letter of undertaking from a subsidiary to service the monthly obligation of the customer in the event of any shortfall; and
- f. Corporate guarantee from a subsidiary.

(c) Islamic Commercial Papers ("ICPs") and Islamic Medium Term Notes ("IMTNs")

The Company had established the ICPs and IMTNs under an Islamic Commercial Papers Programme and Islamic Medium Term Notes Programme respectively, which have a combined aggregate limit of up to RM1,000.0 million in nominal value and a sub-limit of RM300.0 million in nominal value for the ICP Programme under the Shariah Principle of Murabahah via a Tawarruq Arrangement.

As at 31 December 2018, the Company has issued of the following:

- a) RM50.0 million in nominal value of ICPs with a tenure of 12 months issued on 26 April 2018; and
- b) RM250.0 million in nominal value of IMTNs with a tenure of 5 years issued on 26 April 2017.

The proceeds raised from the ICPs and IMTNs are to be utilised by the Company for its Shariah-compliant general corporate purposes.

The effective profit rates for ICPs and IMTNs at the reporting date are 4.37% (2017: 4.33%) and 4.85% (2017: 4.85%) respectively.

(d) Syndicated banking facilities (secured)

A subsidiary of the Group has Syndicated Banking Facilities which comprise revolving credits, bank guarantees and combined trade facilities.

The Syndicated Banking Facilities are secured by a Debenture and a Deed of Assignment of Proceeds dated 27 December 1996 by way of the following:

- (i) A first fixed charge over all sums paid or may from time to time become due and payable to the subsidiary ("the Proceeds") by the Government of Malaysia pursuant to the Concession Agreement dated 28 October 1996, all its uncalled capital, its present and future goodwill, patents, trademarks, licenses and concessions and all its present and future plant, equipment and machinery, motor vehicles and furniture and fittings; and
- (ii) A first floating charge over all the present and future lands undertakings and other properties and assets of the subsidiary both movable and immovable, not otherwise charged in (d)(i) above.

29. BORROWINGS (CONT'D.)**Reconciliation of liabilities arising from financing activities**

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
At 1 January 2018	559,761	989,699	301,691	475,788
Cash flows				
Drawdown of borrowings	149,636	368,607	50,000	300,000
Repayment of borrowings	(175,320)	(586,661)	(50,000)	(467,030)
Repayment of finance lease	(1,113)	(6,493)	–	–
Interest paid	(26,249)	(41,834)	(14,314)	(21,433)
Non-cash changes:				
Transaction costs capitalised	1,325	1,727	124	3,430
Disposal of a subsidiary (Note 17(e))	–	(176,150)	–	–
Other changes	24,425	10,866	14,314	10,936
At 31 December 2018	532,465	559,761	301,815	301,691

Included in the other changes are the effects of foreign currency translations and accrued but not yet paid interest on interest-bearing loans and borrowings. The Group classifies interest paid as cash flows from operating activities.

30. FINANCE LEASES

	Group	
	2018 RM'000	2017 RM'000
Future minimum lease payments:		
Not later than 1 year	1,311	1,382
Later than 1 year and not later than 2 years	1,249	1,351
Later than 2 years and not later than 5 years	923	2,171
Total future minimum lease payments	3,483	4,904
Less: Future finance charges	(356)	(664)
Present value of finance lease liabilities	3,127	4,240
Analysis of present value of finance lease liabilities:		
Not later than 1 year	1,101	1,074
Later than 1 year and not later than 2 years	1,132	1,140
Later than 2 years and not later than 5 years	894	2,026
	3,127	4,240
Less: Amount due within 12 months	(1,101)	(1,074)
Amount due after 12 months	2,026	3,166

The Group obtains finance leases for various items of computer equipment and surveying equipment (Note 13). These lease contracts expire within one to five years. The leases have terms of renewal, purchase options and escalation clauses. These terms are at the option of the specific entity that holds the lease.

These obligations are secured by a charge over the leased assets. Other information on financial risks of finance lease are disclosed in Note 42.

The finance leases bear interest at rates ranging from 4.5% to 7.1% (2017: 2.5% to 4.7%) per annum.

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31. TRADE AND OTHER PAYABLES

	31 December 2018 RM'000	Group 31 December 2017 RM'000	1 January 2017 RM'000
Current			
Trade payables (Note a)			
Third parties	224,941	151,059	159,625
Accrued costs	182,891	175,892	169,169
Retention payables (Note b):			
Services:			
- Infrastructure	25,845	35,129	28,898
- Property facility solution	1,251	1,603	3,513
Property development	-	7,458	7,364
Due to related companies (Note c)	3,849	20,556	1,571
	438,777	391,697	370,140
Other payables			
Employee costs payable	94,531	99,212	150,834
Accruals	67,337	87,666	103,629
Refundable deposits	25	176	237
Sundry payables	90,389	81,292	109,480
Deferred consideration payable (Note d)	8,691	8,606	3,193
Due to holding company (Note c)	37,441	18,060	6,670
Due to related companies (Note c)	3,008	5,804	5,810
	301,422	300,816	379,853
Total	740,199	692,513	749,993
Non-current			
Trade payables (Note a)			
Retention payables (Note b):			
Services:			
- Infrastructure	2,100	1,219	6,071
Property development	2,447	2,312	2,312
	4,547	3,531	8,383
Other payables			
Sundry payables	5	38,410	120
Deferred consideration payable (Note d)	-	9,331	21,830
	5	47,741	21,950
Total	4,552	51,272	30,333

31. TRADE AND OTHER PAYABLES (CONT'D.)

	Company	
	2018	2017
	RM'000	RM'000
Current		
Other payables		
Accruals	2,669	13,064
Sundry payables	15,626	4,162
Due to holding company (Note c)	26,173	17,948
Due to related companies (Note c)	6,402	20,780
Deferred consideration payable (Note d)	8,691	8,606
Total	59,561	64,560
Non-current		
Other payables		
Loan from a subsidiary (Note e)	93,976	–
Deferred consideration payable (Note d)	–	9,331
Total	93,976	9,331

(a) Trade payables

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 to 90 days (2017: 30 to 90 days).

(b) Retention payables

Retention payables are unsecured, interest-free and are expected to be paid within the terms of the relevant contracts.

(c) Amounts due to holding and related companies

Related companies refer to companies within the UEM group of companies.

Amounts due to holding and related companies are non-interest bearing and are repayable on demand. The amounts are unsecured and are to be settled in cash.

Further details on related party transactions are disclosed in Note 40.

(d) Deferred consideration payable

	Group and Company	
	2018	2017
	RM'000	RM'000
At 1 January	17,937	25,023
Accretion of interest on deferred consideration payable (Note 6)	99	2,120
Reversal of deferred consideration payable (Note 5)	(9,345)	(5,806)
Payment	–	(3,400)
At 31 December	8,691	17,937

Deferred consideration payable as at current reporting date arose from the acquisition of KFM group in 2016, which is contingent on certain integration criteria being met.

(e) Loan from a subsidiary

Loan from a subsidiary bears interest at 4.75% per annum, unsecured and is expected to be settled in cash in 2020 onwards.

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32. DEFERRED TAX

	Group	
	2018 RM'000	2017 RM'000
At 1 January	34,485	8
Recognised in profit or loss	1,176	3,164
Recognised in other comprehensive income (Note 10)	(61)	(6,920)
Disposal of a subsidiary (Note 17(e))	–	30,372
Exchange differences	(11)	7,861
At 31 December	35,589	34,485
Presented after appropriate offsetting as follows:		
Deferred tax assets	(12,963)	(14,523)
Deferred tax liabilities	48,552	49,008
	35,589	34,485

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

Deferred tax assets of the Group:

	Provisions and others RM'000	Unused tax losses and other tax credits RM'000	Total RM'000
At 1 January 2018	(23,312)	(1,014)	(24,326)
Recognised in profit or loss	5,361	(2,751)	2,610
Recognised in other comprehensive income	(61)	–	(61)
Exchange differences	1	–	1
	(18,011)	(3,765)	(21,776)
Less: Set off with deferred tax liabilities			8,813
At 31 December 2018			(12,963)
At 1 January 2017	(51,009)	(10,561)	(61,570)
Recognised in profit or loss	(3,492)	7,505	4,013
Recognised in other comprehensive income	(6,920)	–	(6,920)
Disposal of a subsidiary	28,927	2,419	31,346
Exchange differences	9,182	(377)	8,805
	(23,312)	(1,014)	(24,326)
Less: Set off with deferred tax liabilities			9,803
At 31 December 2017			(14,523)

32. DEFERRED TAX (CONT'D.)

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows: (cont'd.)

Deferred tax liabilities of the Group:

	Property, plant and equipment RM'000	Intangible assets RM'000	Concession receivable RM'000	Total RM'000
At 1 January 2018	7,276	34,176	17,359	58,811
Recognised in profit or loss	(776)	(3,544)	2,886	(1,434)
Exchange differences	–	(12)	–	(12)
	6,500	30,620	20,245	57,365
Less: Set off with deferred tax assets				(8,813)
At 31 December 2018				48,552
At 1 January 2017	6,329	37,890	17,359	61,578
Recognised in profit or loss	2,300	(3,149)	–	(849)
Disposal of a subsidiary	(974)	–	–	(974)
Exchange differences	(379)	(565)	–	(944)
	7,276	34,176	17,359	58,811
Less: Set off with deferred tax assets				(9,803)
At 31 December 2017				49,008

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Deferred tax assets have not been recognised in respect of the following items:

Malaysian Companies

	Group	
	2018 RM'000	2017 RM'000
Unused tax losses	37,140	34,079
Unabsorbed capital allowances	383	238
Others	3,376	3,124
	40,899	37,441
Deferred tax of 24%	9,816	8,986

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For the year ended 31 December 2018

32. DEFERRED TAX (CONT'D.)

Unused tax losses

At the reporting date, the Group has tax losses of approximately RM37.1 million (2017: RM34.1 million) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The availability of unused tax losses for offsetting against future taxable profits of the respective subsidiaries in Malaysia is subject to no substantial changes in shareholdings of those subsidiaries under the Income Tax Act, 1967 and guidelines issued by the tax authority. Effective from year of assessment 2019 as announced in the Annual Budget 2019, the unused tax losses of the Company as at 31 December 2018 and thereafter will only be available for carry forward for a period of 7 consecutive years. Upon expiry of the 7 years, the unabsorbed losses will be disregarded.

The use of tax losses of subsidiaries in other countries is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the subsidiaries operate.

Unrecognised temporary differences relating to investments in subsidiaries and associates

At the reporting date, no deferred tax liabilities have been recognised that would be payable on the undistributed profits of subsidiaries and associates of the Group. The Group has determined that these undistributed profits will not be distributed in the foreseeable future.

33. SHARE CAPITAL AND SHARE PREMIUM

	Number of ordinary shares		Amount	
	2018 '000	2017 '000	2018 RM'000	2017 RM'000
Group and Company				
Issued and fully paid up				
At 1 January	831,624	831,624	268,074	207,906
Transition to no par value regime	–	–	–	60,168
31 December	831,624	831,624	268,074	268,074
Share premium				
At 1 January			–	60,168
Transition to no par value regime			–	(60,168)
31 December			–	–

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

No par value regime

The Companies Act 2016 ("Act"), which came into effect on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amounts standing to the credit of the share premium account becomes part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of Section 74 of the Act, use the amount standing to the credit of its share premium account of RM60.2 million for purposes as set out in Section 618(3) of the Act. There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

34. CAPITAL AND OTHER MERGER RESERVE

The acquisitions of Opus Group Berhad ("Opus") and Edgenta PROPEL Berhad in prior years, which was accounted for using the pooling of interest method, gave rise to the following:

(a) Capital reserve

This reserve represents the excess of issue price of the Company's shares over the par value in accordance with Section 60(4)(a) of the Companies Act, 1965. This reserve had been partially set off against the merger deficit reserve in prior year for the purpose of presentation in the financial statements of the Group.

(b) Other merger reserve

This reserve represents the excess of fair value of the Company's shares at the acquisition date over the issue price. This reserve had been fully set off against the merger deficit reserve for the purpose of presentation in the financial statements of the Group.

35. OTHER RESERVES

	Put option reserve RM'000 (Note a)	Statutory reserve RM'000 (Note b)	Foreign currency translation reserve RM'000 (Note c)	Other reserve RM'000 (Note d)	Total RM'000
Group					
At 1 January 2017	–	279	68,707	9,163	78,149
Foreign currency translation	–	–	(76,317)	–	(76,317)
Put option granted to non-controlling interests of a subsidiary	(14,635)	–	–	–	(14,635)
At 31 December 2017	(14,635)	279	(7,610)	9,163	(12,803)
Foreign currency translation	–	–	(457)	–	(457)
Put option granted to non-controlling interests of a subsidiary	12,242	–	–	–	12,242
At 31 December 2018	(2,393)	279	(8,067)	9,163	(1,018)

(a) Put option reserve

This relates to the put option issued to the non-controlling interests over the shares of a subsidiary of the Group. For the purpose of presentation in the financial statements, the put option reserve is shown net of the related non-controlling interests at each reporting date as if it was acquired at that date. The unexercised put option will expire on 31 March 2022.

(b) Statutory reserve

In accordance with the United Arab Emirates ("UAE") Commercial Companies Law, 10% of profit for each year from a Limited Liability Company incorporated in the UAE is transferred to a legal reserve until such time as the reserve equalled 50% of the paid-up capital. Faber L.L.C. ("FLLC") has resolved to discontinue such annual transfers since the reserve has equalled to 50% of its share capital. This reserve is not available for distribution except as stipulated by UAE law.

(c) Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

(d) Other reserve

Other reserve arose from the redemption of redeemable preference shares in the prior years by a subsidiary.

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For the year ended 31 December 2018

36. RETAINED EARNINGS

The Company may distribute dividends out of its entire retained earnings under the single tier system.

37. OPERATING LEASE COMMITMENTS

The Group has entered into non-cancellable operating lease agreements for the use of premises and certain plant and machineries. These leases have an average tenure of between 3 and 5 years with renewal options up to 3 years and no purchase option included in the contracts.

The Group also leases various plant and machinery under cancellable operating lease agreements. The Group is required to give a six-month notice for the termination of those agreements.

The future aggregate minimum lease payments under non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities, are as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Future minimum rental payable of premises:				
Not later than 1 year	8,661	9,761	849	849
Later than 1 year and not later than 2 years	737	8,313	–	849
Later than 2 years and not later than 5 years	232	443	–	–
	9,630	18,517	849	1,698
Future minimum rental payable of equipment and others:				
Not later than 1 year	323	997	143	76
Later than 1 year and not later than 2 years	290	1,210	119	47
Later than 2 years and not later than 5 years	99	1,184	99	39
	712	3,391	361	162

38. CAPITAL COMMITMENTS

	Group	
	2018	2017
	RM'000	RM'000
Capital expenditure		
Approved and contracted for:		
Purchase of property, plant and equipment	47,383	75,302
Approved but not contracted for:		
Purchase of property, plant and equipment	162,511	44,177

39. PERFORMANCE BONDS AND GUARANTEES

	Group	
	2018	2017
	RM'000	RM'000
Secured:		
Performance bond extended to Government of Malaysia in respect of security for the due performance of the Hospital Support Services Concession Agreement dated 28 October 1996 (Note 29(d))	17,000	16,334
Performance bond to Western Region Municipality of Abu Dhabi for Facilities Management Services in Abu Dhabi	11,079	10,859
Bank guarantee issued to authorities	3,067	1,692
Bank guarantees and performance bonds issued to others	29,827	33,752
	60,973	62,637
Unsecured:		
Bank guarantees extended to third parties - trade related	61,027	61,802
Performance bond extended to third parties - trade related	23,504	25,495
Retention guarantee extended to third parties - trade related	11,752	8,940
	96,283	96,237

As at the reporting date, no values are ascribed on these guarantees provided by the Group for the purpose described above as the Directors regard the value of the credit enhancement provided by these guarantees as minimal and the probability of default, based on historical track records of the parties receiving the guarantees are not probable.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

40. RELATED PARTY DISCLOSURES

(a) Sale and purchase of goods and services

In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following significant transactions at terms agreed between the related parties during the financial year:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
<u>Income received/receivable from</u>				
Management fees from subsidiaries	–	–	(61,493)	(45,558)
Asset consultancy services fees received from:				
- immediate holding company	(17,906)	(8,586)	–	–
- related companies	(45,558)	(52,178)	–	–
- joint ventures	–	(167,604)	–	–
- associates	(16,152)	–	–	–
Infrastructure maintenance fees received from:				
- immediate holding company	(620)	(1,137)	–	–
- related companies	(766,201)	(791,397)	–	–
Facilities management fees received from:				
- immediate holding company	(159)	(131)	–	–
- related companies	(92,151)	(70,110)	–	–
- associates	(37,000)	(46,653)	–	–
License and commission fees received from an associate	(1,500)	(1,455)	–	–
Rental received from:				
- a subsidiary	–	–	(3,104)	–
<u>Expenses paid/payable to</u>				
Management fee expense to immediate holding company	4,000	3,400	4,000	3,400
Rendering of services by:				
- immediate holding company	10,657	11,300	283	876
- related companies	14,876	14,037	–	501
- non-controlling shareholder of a subsidiary	3,835	3,419	–	–
- associates	11,647	–	–	–
Rental paid to:				
- related company	7,634	6,007	912	857
<u>Others</u>				
Deferred consideration paid to non-controlling shareholder of a subsidiary	–	3,400	–	3,400

All other significant intercompany transactions have been disclosed in Note 21 and 31.

40. RELATED PARTY DISCLOSURES**(b) Compensation of key management personnel**

Key management personnel is defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly including any directors.

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Salaries and other emoluments	11,996	13,524	5,223	3,130
Contributions to defined contribution plans	627	787	491	348
	12,623	14,311	5,714	3,478

Included in total key management personnel compensation are:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Directors' remuneration excluding benefits-in-kind (Note 9)	2,635	3,122	2,500	2,901

41. FINANCIAL INSTRUMENTSClassification of financial instruments

The principal accounting policies in Note 2.4 describe how the classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instrument to which they are assigned, and therefore by the measurement basis:

	FVTPL RM'000	Amortised	Total RM'000
		cost RM'000	
2018			
Group			
Assets			
Trade receivables, net (Note 21)	–	653,896	653,896
Concession receivable (Note 21)	–	142,975	142,975
Other receivables, net (Note 21)	–	82,392	82,392
Cash, bank balances and deposits (Note 24)	–	496,293	496,293
Short term investments (Note 23)	107,178	–	107,178
Total financial assets	107,178	1,375,556	1,482,734
Total non-financial assets			1,394,957
Total assets			2,877,691
Liabilities			
Trade payables (Note 31)	–	443,324	443,324
Other payables (Note 31)	8,691	292,736	301,427
Borrowings (Note 29)	–	532,465	532,465
Total financial liabilities	8,691	1,268,525	1,277,216
Total non-financial liabilities			83,707
Total liabilities			1,360,923

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For the year ended 31 December 2018

41. FINANCIAL INSTRUMENTS (CONT'D.)

Classification of financial instruments (cont'd.)

	FVTPL RM'000	Amortised cost RM'000	Total RM'000
2017			
Group			
Assets			
Trade receivables, net (Note 21)	–	609,905	609,905
Concession receivable (Note 21)	–	154,205	154,205
Other receivables, net (Note 21)	–	75,618	75,618
Cash, bank balances and deposits (Note 24)	–	520,082	520,082
Short term investments (Note 23)	183,425	–	183,425
Total financial assets	183,425	1,359,810	1,543,235
Total non-financial assets			1,462,740
Total assets			<u>3,005,975</u>
Liabilities			
Trade payables (Note 31)	–	395,228	395,228
Other payables (Note 31)	17,937	330,620	348,557
Borrowings (Note 29)	–	559,761	559,761
Total financial liabilities	17,937	1,285,609	1,303,546
Total non-financial liabilities			100,597
Total liabilities			<u>1,404,143</u>

41. FINANCIAL INSTRUMENTS (CONT'D.)

Classification of financial instruments (cont'd.)

	FVTPL RM'000	Amortised cost RM'000	Total RM'000
2018			
Company			
Assets			
Other receivables, net (Note 21)	–	227,959	227,959
Cash, bank balances and deposits (Note 24)	–	31,399	31,399
Total financial assets	–	259,358	259,358
Total non-financial assets			1,826,256
Total assets			2,085,614
Liabilities			
Other payables (Note 31)	8,691	144,846	153,537
Borrowings (Note 29)	–	301,815	301,815
Total financial liabilities	8,691	446,661	455,352
Total non-financial liabilities			–
Total liabilities			455,352

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For the year ended 31 December 2018

41. FINANCIAL INSTRUMENTS (CONT'D.)

Classification of financial instruments (cont'd.)

	FVTPL RM'000	Amortised cost RM'000	Total RM'000
2017			
Company			
Assets			
Other receivables, net (Note 21)	–	172,822	172,822
Cash, bank balances and deposits (Note 24)	–	87,277	87,277
Total financial assets	–	260,099	260,099
Total non-financial assets			1,950,167
Total assets			<u>2,210,266</u>
Liabilities			
Other payables (Note 31)	17,937	55,954	73,891
Borrowings (Note 29)	–	301,691	301,691
Total financial liabilities	17,937	357,645	375,582
Total non-financial liabilities			200
Total liabilities			<u>375,782</u>

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, foreign currency risk, interest rate risk and market price risk.

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate risks (both fair value and cash flow), foreign currency risk, liquidity risk and credit risk. The Board of Directors reviews and agrees policies and procedures for the management of these risks. The audit committee provides independent oversight to the effectiveness of the risk management process.

It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient.

The following sections provide details regarding the Group's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Trade receivables and contract assets

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. The Group minimises credit risk by dealing exclusively with high credit rating counterparties. The Group controls its credit risk by the application of credit approvals, limits and monitoring procedures. Credit evaluations are performed on all customers requiring credit over a certain amount and strictly limiting the Group's associations to business partners with high credit worthiness. Outstanding customer receivables and contract assets are regularly monitored and the status of major receivables are reported to the Board of Directors.

The Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments in calculating ECLs for trade receivables and contract assets. The amount and timing of future cash flows are then estimated based on historical credit loss experience for assets with similar credit risk characteristics and adjusted with forward-looking information such as forecast economic conditions. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Exposure to credit risk

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 4.1. The Group does not hold collateral as security.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(a) Credit risk (cont'd.)

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country sector profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's net trade receivables at the reporting date are as follows:

	2018		2017	
	RM'000	% of total	RM'000	% of total
By country:				
Malaysia	525,443	80	490,230	81
India	–	–	217	–
United Arab Emirates	10,625	2	29,482	5
Indonesia	13,421	2	8,460	1
Singapore	43,836	7	37,221	6
Taiwan	60,571	9	44,295	7
	653,896	100	609,905	100

At the reporting date, the Group's ten largest customers account for approximately 46% (2017: 64%) of total trade receivables. Majority of these customers are government, quasi-government agency and government linked organisations.

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 21. Deposits with banks and other financial institutions are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 21.

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from both capital markets and financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)**(b) Liquidity risk (cont'd.)****Analysis of financial instruments by remaining contractual maturities**

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	On demand or within one year RM'000	One to five years RM'000	More than five years RM'000	Total RM'000
2018				
Group				
Financial liabilities:				
Trade and other payables (Note 31)	740,199	4,552	–	744,751
Loans and borrowings:				
- Murabahah Term Facility	35,800	73,819	–	109,619
- ICPs	50,000	–	–	50,000
- IMTNs	12,125	280,296	–	292,421
- Term loans	44,918	54,709	53,192	152,819
- Finance leases	1,311	2,172	–	3,483
Total undiscounted financial liabilities	884,353	415,548	53,192	1,353,093
2017				
Group				
Financial liabilities:				
Trade and other payables (Note 31)	692,513	51,272	–	743,785
Loans and borrowings:				
- Murabahah Term Facility	33,303	112,522	–	145,825
- ICPs	50,000	–	–	50,000
- IMTNs	12,125	292,421	–	304,546
- Term loans	42,540	56,184	63,750	162,474
- Finance leases	1,382	3,522	–	4,904
Total undiscounted financial liabilities	831,863	515,921	63,750	1,411,534

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For the year ended 31 December 2018

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(b) Liquidity risk (cont'd.)

Analysis of financial instruments by remaining contractual maturities (cont'd.)

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations. (cont'd.)

	On demand or within one year RM'000	One to five years RM'000	Total RM'000
2018			
Company			
Financial liabilities:			
Other payables (Note 31)	59,561	93,976	153,537
Loans and borrowings:			
- ICPs	50,000	-	50,000
- IMTNs	12,125	280,296	292,421
Total undiscounted financial liabilities	121,686	374,272	495,958
2017			
Company			
Financial liabilities:			
Other payables (Note 31)	64,560	9,331	73,891
Loans and borrowings:			
- ICPs	50,000	-	50,000
- IMTNs	12,125	292,421	304,546
Total undiscounted financial liabilities	126,685	301,752	428,437

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)**(c) Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities. The foreign currencies in which these transactions are denominated are mainly Singapore Dollar and Taiwan Dollar.

As a result of the significant investments in Singapore and Taiwan, the Group's statement of financial position is affected by the movements in the respective functional currencies of the investees against the Ringgit Malaysia.

The Group maintains a natural hedge, whenever possible, by borrowing in the currency of the country in which the investments are located or by borrowing in currencies that match the future revenue stream to be generated from its investments.

As and when the Group undertakes significant transactions denominated in foreign currencies, with continuing exposure over the applicable periods of settlement, the Group evaluates its exposure and the necessity to hedge such exposure, as well as the availability and cost of such hedging instruments.

The Group also holds cash and cash equivalents and bank overdrafts denominated in foreign currencies for working capital purposes. At the reporting date, such foreign currency balances are as follows:

	Functional currency of Group Companies	
	2018	2017
	RM'000	RM'000
United Arab Emirates Dirham (AED)	100	98
Indonesian Rupiah (IDR)	5,801	7,940
Singapore Dollar (SGD)	1,364	1,463
	7,265	9,501

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit after tax to a reasonably possible change in the following exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

	Group	
	2018	2017
	RM'000	RM'000
AED/RM - strengthened 2% (2017: 10%)	2	10
IDR/RM - strengthened 4% (2017: 10%)	232	794
SGD/RM - strengthened 1% (2017: 2%)	14	29

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For the year ended 31 December 2018

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

As the Group has no significant interest-bearing financial assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest-bearing financial assets are mainly short term in nature and have been mostly placed in fixed deposits or occasionally, in short term commercial papers.

The Group's interest rate risk arises primarily from interest-bearing borrowings. Borrowings at floating rates expose the Group to cash flow interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. The Group's policy is to manage interest cost using a mix of fixed and floating rate debts.

Sensitivity analysis for interest rate risk

A sensitivity analysis had been performed to determine the sensitivity of the Group's profit net of tax to a reasonably possible change in the interest rate at the reporting date. This analysis assumes that all other variables, in particular foreign currency rate, remain constant. Based on the analysis, there is no material impact to the Group's profit net of tax.

The following tables set out the carrying amounts, the weighted average effective interest rates ("WAEIR") as at the reporting date and the remaining maturities of the Group's and of the Company's financial instruments that are exposed to interest rate risk:

	Note	WAEIR %	Within 1 year RM'000	1-2 years RM'000	2-5 years RM'000	> 5 years RM'000	Total RM'000
At 31 December 2018							
Group							
Fixed rate							
Deposits with licensed banks and other financial institutions	24	2.98	264,106	–	–	–	264,106
ICPs	29	4.37	(49,964)	–	–	–	(49,964)
IMTNs	29	4.85	(2,226)	–	(249,625)	–	(251,851)
Term loans	29	4.58	(8,468)	(8,992)	(30,227)	(47,531)	(95,218)
Finance leases	30	4.71	(1,101)	(1,132)	(894)	–	(3,127)
Floating rate							
Murabahah Term Facility	29	3.99	(31,461)	(31,566)	(38,038)	–	(101,065)
Term loans	29	1.73	(31,240)	–	–	–	(31,240)
Company							
Fixed rate							
Deposits with licensed banks and other financial institutions	24	3.25	27,126	–	–	–	27,126
ICPs	29	4.37	(49,964)	–	–	–	(49,964)
IMTNs	29	4.85	(2,226)	–	(249,625)	–	(251,851)

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)**(d) Interest rate risk (cont'd.)**

	Note	WAEIR %	Within 1 year RM'000	1-2 years RM'000	2-5 years RM'000	> 5 years RM'000	Total RM'000
At 31 December 2017							
Group							
Fixed rate							
Deposits with licensed banks							
and other financial institutions	24	2.88	319,991	–	–	–	319,991
ICPs	29	4.33	(49,964)	–	–	–	(49,964)
IMTNs	29	4.85	(2,226)	–	(249,501)	–	(251,727)
Finance leases	30	2.70	(1,074)	(1,140)	(2,026)	–	(4,240)
Floating rate							
Murabahah Term Facility	29	3.61	(28,155)	(31,422)	(69,517)	–	(129,094)
Term loans	29	6.06	(35,803)	(8,450)	(26,688)	(53,795)	(124,736)
Company							
Fixed rate							
Deposits with licensed banks							
and other financial institutions	24	3.03	82,365	–	–	–	82,365
ICPs	29	4.33	(49,964)	–	–	–	(49,964)
IMTNs	29	4.85	(2,226)	–	(249,501)	–	(251,727)

Interest on financial instruments subject to floating interest rates is contractually repriced at intervals of less than 12 months. Interest on financial instruments at fixed rates are fixed until the maturity of the instruments. The other financial instruments of the Group and of the Company that are not included in the above tables are not subject to interest rate risks.

(e) Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

The Group is not exposed to equity price risk arising from its investment in quoted equity instruments.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(f) Fair value

Financial instruments that are not measured at fair value and whose carrying amounts are reasonable approximation of fair value

Included in these classes of financial instruments are certain financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Trade and other receivables	21
Cash, bank balances and deposits	24
Borrowings	29
Trade and other payables	31

The carrying amounts of these financial assets and financial liabilities are reasonable approximation of fair values due either to the short term nature or insignificant impact of discounting or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

Determination of fair value

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities:

	Significant observable inputs Level 2 RM'000
Group	
2018	
Assets measured at fair value:	
Short term investments*	107,178
2017	
Assets measured at fair value:	
Short term investments**	183,425

* The valuation date of these financial instruments is 31 December 2018.

** The valuation date of these financial instruments is 31 December 2017.

There have been no transfers between levels during the period.

Short term investments are valued based on currently available deposits with similar terms and maturities.

43. CAPITAL MANAGEMENT

The primary objective of the Group's and the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. The Group and the Company also aim to maintain a capital structure that has an appropriate cost of capital available to the Group.

The Group and the Company manage its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2018 and 31 December 2017.

The Group and the Company manage capital by reference to the debt to asset ratio. The Group's and the Company's debt to asset ratio is as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Murabahah Term Facility	101,065	129,094	—	—
Term loans	126,458	124,736	—	—
Finance leases	3,127	4,240	—	—
ICPs	49,964	49,964	49,964	49,964
IMTNs	251,851	251,727	251,851	251,727
Total debt	532,465	559,761	301,815	301,691
Total assets	2,877,691	3,005,975	2,085,614	2,210,266
Debt to asset ratio	19%	19%	14%	14%

44. SEGMENT INFORMATION

(a) Business unit segments

For management purposes, the Group is organised into business units based on their products and services, and reflect the Group's offerings across different sectors as follows:

- (i) The consultancy segment relates to advisory and planning, engineering design and consultancy, property and community consultancy, research and development, procurement and construction planning, project and construction management, and asset and facilities management.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

44. SEGMENT INFORMATION (CONT'D.)

(a) Business unit segments (cont'd.)

- (ii) The services segment provide integrated facilities management and engineering contracting services for a range of assets and building types specialising in expressways and roads to urban transit, institutional to retail, offices to hospitals, educational institutions as well as residential properties and townships. The services cover operations, maintenance (hard and soft services), rehabilitation and upgrading works at different phases of the asset life cycle.

This segment also offer solutions that are Green, Smart and Connected for the built environment, such as energy savings solutions, pavement solutions, geotechnical solutions, structural solutions and environmental solutions, through advanced and innovative technology offerings to achieve energy savings via efficient energy management and optimisation of the asset's energy performance while lowering carbon footprint.

The services segment is further focused into main sectors as follows:

- Healthcare services
- Infrastructure services
- Property and facility solutions

- (iii) The property segment is in the business of developing residential properties.

- (iv) Other segment is largely Group-level corporate services and investment holdings.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

(b) Geographical segments

The Group's geographical segments are based on the location of the Group's assets. Sales to external customers disclosed in geographical segments are based on the geographical location of its customers. The Group's business segments operate in ten geographical areas:

- (i) Malaysia - the operations in this area are principally integrated facilities management, consultancy services, infrastructure maintenance, geotechnical investigation, instrumentation, pavement condition assessment works, township management, property development and investment holding.
- (ii) Indonesia - the operations in this area are principally consultancy services and road infrastructure.
- (iii) Middle East - the operations in this area are principally integrated facilities management and asset management consultancy services.
- (iv) Singapore - the operations in this area are principally integrated facilities management.
- (v) Taiwan - the operations in this area are principally integrated facilities management.
- (vi) India - the operations in this area are principally integrated facilities management.

44. SEGMENT INFORMATION (CONT'D.)

	Note	Consultancy RM'000	Healthcare Services RM'000	Infrastructure Services RM'000	Property and Facility Solutions RM'000	Property Development RM'000	Others RM'000	Elimination RM'000	Group RM'000
At 31 December 2018									
Revenue									
External revenue		114,109	984,584	881,965	189,422	12,524	–	–	2,182,604
Inter-segment revenue	A	2,657	5,107	31,036	13,771	–	263,719	(316,290)	–
Total revenue		116,766	989,691	913,001	203,193	12,524	263,719	(316,290)	2,182,604
Results									
EBITDA*		11,576	121,826	115,890	19,259	(3,513)	127,410	(125,989)	266,459
Depreciation and amortisation		(1,536)	(25,965)	(12,472)	(2,736)	(152)	(21,066)	(3,514)	(67,441)
EBIT**		10,040	95,861	103,418	16,523	(3,665)	106,344	(129,503)	199,018
Interest income		893	1,915	2,743	978	1,049	2,055	–	9,633
Interest expense		–	(1,033)	–	(7,162)	–	(38,012)	19,508	(26,699)
Share of results of associates		268	8,938	–	7,313	–	–	–	16,519
Profit/(loss) before tax		11,201	105,681	106,161	17,652	(2,616)	70,387	(109,995)	198,471
Zakat		(272)	(742)	(1,797)	(39)	–	–	–	(2,850)
Income tax (expense)/benefit		(3,200)	(18,487)	(22,381)	(868)	(75)	3,018	(1,267)	(43,260)
Profit/(loss) after tax		7,729	86,452	81,983	16,745	(2,691)	73,405	(111,262)	152,361
Assets									
Segment assets	B	609,853	757,025	721,560	392,337	211,463	743,264	(557,811)	2,877,691
Liabilities									
Segment liabilities	B	78,437	367,881	368,250	278,923	21,072	1,005,521	(759,161)	1,360,923

* Earnings before interest, taxes, depreciation and amortisation

** Earnings before interest and taxes

	Note	Consultancy RM'000	Healthcare Services RM'000	Infrastructure Services RM'000	Property and Facility Solutions RM'000	Property Development RM'000	Others RM'000	Elimination RM'000	Group RM'000
At 31 December 2018									
Other segment information									
Capital expenditure	C	1,610	40,699	10,799	2,271	–	14,380	–	69,759
Investments in associates		2,259	35,872	–	23,104	–	–	–	61,235
Accretion of interest on concession receivable		–	–	–	(19,088)	–	–	–	(19,088)
Dividend income		(1,855)	–	(1,461)	–	(366)	–	–	(3,682)
Depreciation (Note 7)		1,103	25,784	12,117	2,726	146	3,226	(101)	45,001
Amortisation (Note 7)	D	433	181	355	10	6	17,840	3,615	22,440
Non-cash (income)/expenses other than impairment, depreciation, and amortisation	E	(752)	(596)	140	8,251	–	(8,708)	(1,262)	(2,927)

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For the year ended 31 December 2018

44. SEGMENT INFORMATION (CONT'D.)

Note	Continuing operations					Discontinued operation		Elimination RM'000	Group RM'000
	Consultancy RM'000	Healthcare Services RM'000	Infrastructure Services RM'000	Property and Facility Solutions RM'000	Property Development RM'000	Others RM'000	Consultancy RM'000		
At 31 December 2017									
Revenue									
External revenue	180,935	904,169	862,273	159,079	6,133	–	1,320,293	–	3,432,882
Inter-segment revenue	A 8,779	605	36,763	15,008	–	136,058	–	(197,213)	–
Total revenue	189,714	904,774	899,036	174,087	6,133	136,058	1,320,293	(197,213)	3,432,882
EBITDA*	33,220	107,799	117,312	19,135	(3,430)	56,900	90,403	(87,438)	333,901
Depreciation and amortisation	(1,422)	(23,787)	(12,551)	(1,632)	(795)	(21,038)	(22,125)	(3,479)	(86,829)
EBIT**	31,798	84,012	104,761	17,503	(4,225)	35,862	68,278	(90,917)	247,072
Interest income	682	1,749	1,043	407	780	6,762	3,655	(197)	14,881
Interest expense	(3)	(380)	(9)	(7,910)	–	(100,213)	(6,480)	71,764	(43,231)
Share of results of associates	715	13,046	–	5,892	–	–	–	–	19,653
Share of results of joint ventures	–	–	–	–	–	–	2,972	–	2,972
Profit/(loss) before tax	33,192	98,427	105,795	15,892	(3,445)	(57,589)	68,425	(19,350)	241,347
Zakat	(443)	(994)	–	(199)	–	–	–	–	(1,636)
Income tax expense	(8,401)	(16,685)	(23,339)	(4,561)	(474)	3,274	(33,701)	4,027	(79,860)
Profit/(loss) after tax	24,348	80,748	82,456	11,132	(3,919)	(54,315)	34,724	(15,323)	159,851
Assets									
Segment assets	B 684,143	722,419	665,865	337,140	246,039	838,483	–	(488,114)	3,005,975
Liabilities									
Segment liabilities	B 74,060	301,057	336,193	240,784	49,581	951,902	–	(549,434)	1,404,143

* Earnings before interest, taxes, depreciation and amortisation

** Earnings before interest and taxes

44. SEGMENT INFORMATION (CONT'D.)

Note	Continuing operations						Discontinued operation		Elimination	Group
	Consultancy	Property and		Facility	Property	Others	Consultancy			
		Healthcare	Infrastructure					Solutions		
	RM'000	Services	Services	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 31 December 2017 (cont'd.)										
Other segment information										
Capital expenditure	C	679	65,932	28,848	9,349	-	5,211	18,957	-	128,976
Investments in associates		1,991	33,332	-	15,960	-	-	-	-	51,283
Accretion of interest on concession receivable		-	-	-	(18,830)	-	-	-	-	(18,830)
Dividend income		(768)	-	-	-	(19)	-	-	-	(787)
Depreciation (Note 7)		1,088	23,562	12,332	1,621	155	2,556	18,538	(136)	59,716
Amortisation (Note 7)	D	334	225	219	11	640	18,482	3,587	3,615	27,113
Non-cash expenses/(income) other than impairment, depreciation, and amortisation	E	284	2,369	(552)	2,751	(9)	(5,808)	4,280	-	3,315

* Earnings before interest, taxes, depreciation and amortisation

** Earnings before interest and taxes

The comparative segment information has been represented based on streamlined business segmentation during the current financial year.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

44. SEGMENT INFORMATION (CONT'D.)

Notes Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements

A Inter-segment revenues are eliminated on consolidation.

B The following items are deducted from segment assets to arrive at total assets reported in the consolidated statement of financial position:

	2018	2017
	RM'000	RM'000
Inter-segment assets	(557,811)	(488,114)

The following items are deducted from segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	2018	2017
	RM'000	RM'000
Inter-segment liabilities	(759,161)	(549,434)

C Capital expenditure consist of:

	2018	2017
	RM'000	RM'000
Property, plant and equipment	50,255	110,874
Intangible assets - software and other development cost	19,504	18,102
	69,759	128,976

D Amortisation consist of:

	2018	2017
	RM'000	RM'000
Prepaid land lease payments	87	87
Intangible assets	22,353	27,026
	22,440	27,113

44. SEGMENT INFORMATION (CONT'D.)

Notes Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements (cont'd.)

E Other material non-cash expenses/(income) consist of the following items as presented in the respective notes to the financial statements:

	Note	2018 RM'000	2017 RM'000
Fair value gain on:			
- short term investments	5	(427)	(48)
Reversal of deferred consideration arising from acquisition of subsidiary	5	(9,345)	(5,806)
Net gain on disposal of plant and equipment	7	(658)	(2,000)
Provision for professional indemnity claims	7	-	371
Property, plant and equipment written off	7	9	2,216
Impairment on financial assets:			
- Trade and other receivables	7	9,935	15,499
Reversal of impairment on financial assets:			
- Trade and other receivables	7	(2,714)	(10,218)
Bad debts written off	7	-	3,028
Defined retirement benefit obligations	8	273	273
		(2,927)	3,315

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

44. SEGMENT INFORMATION (CONT'D.)

Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue	
	2018 RM'000	2017 RM'000
Malaysia	1,619,742	1,614,351
United Arab Emirates	41,620	47,503
New Zealand	–	829,536
Australia	–	124,769
Canada	–	206,245
United Kingdom	–	159,743
Indonesia	34,959	40,664
Singapore	214,955	241,878
Taiwan	271,328	168,193
Consolidated	2,182,604	3,432,882

	Non-current assets	
	2018 RM'000	2017 RM'000
Malaysia	492,984	464,375
United Arab Emirates	3,146	3,172
India	22,495	15,598
Indonesia	54	99
Singapore	479,522	497,750
Taiwan	3,807	1,959
Consolidated	1,002,008	982,953

Non-current assets information presented above consist of the followings items as presented in the consolidated statement of financial position:

	2018 RM'000	2017 RM'000
Property, plant and equipment	185,033	193,447
Land held for property development	477	477
Prepaid land lease payments	2,976	3,063
Intangible assets	731,927	734,411
Investment in associates	61,235	51,283
Other investments	272	272
Contract assets	20,088	–
	1,002,008	982,953

Information about major customers

Revenue from two (2017: two) major customers amounted to RM761.0 million and RM370.4 million (2017: RM746.6 million and RM370.3 million) respectively, arising from services rendered in the Infrastructure Services and Healthcare Services segment.

45. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

Details of subsidiaries, joint ventures and associates are as follows:

Name of Companies	Country of incorporation	Issued and paid-up share capital RM	Effective proportion of ownership interest		Principal activities
			2018 %	2017 %	
Subsidiary of the Company:					
Faber Hotels Holdings Sdn. Bhd.	Malaysia	95,279,551	100	100	Investment holding
Faber Development Holdings Sdn. Bhd.	Malaysia	28,260,006	100	100	Investment holding
Edgenta Facilities Sdn. Bhd.	Malaysia	200,000	100	100	Investment holding and provision of integrated facilities management services
Edgenta Healthcare Management Sdn. Bhd.	Malaysia	2	100	100	Investment holding
Edgenta PROPEL Berhad	Malaysia	70,000,000	100	100	Maintenance and repair of civil, mechanical and electrical works on roads, infrastructure and expressways and industrial cleaning services
Opus Group Berhad	Malaysia	89,822,472	100	100	Investment holding
Faber L.L.C. (b)	Emirates of Dubai	AED600,000	75	75	Facilities management services in United Arab Emirates
Sate Yaki Sdn. Bhd.	Malaysia	5,000,000	60	60	In liquidation
Edgenta Environmental & Material Testing Sdn. Bhd.	Malaysia	1,000,000	100	100	Geotechnical investigation, instrumentation and pavement condition assessment works
Edgenta Energy Services Sdn. Bhd.	Malaysia	1,000,000	70	70	Energy performance management services
Edgenta Township Management Services Sdn. Bhd.	Malaysia	2,730,000	100	100	Investment holding and management of real estate
KFM Holdings Sdn. Bhd.	Malaysia	15,000,000	80	80	Provision of asset development and facility management services
Edgenta Energy Projects Sdn. Bhd.	Malaysia	750,000	100	100	Providing energy performance management services and renewable energy services
Edgenta (Singapore) Pte. Ltd.	Singapore	SGD1	100	100	Investment holding

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

45. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONT'D.)

Details of subsidiaries, joint ventures and associates are as follows: (cont'd.)

Name of Companies	Country of incorporation	Issued and paid-up share capital RM	Effective proportion of ownership interest		Principal activities
			2018 %	2017 %	
Subsidiary of Edgenta Healthcare Management Sdn. Bhd.:					
Edgenta Mediserve Sdn. Bhd. (c)	Malaysia	43,170,010	100	100	Provision of hospital support services
Subsidiary of Edgenta Mediserve Sdn. Bhd.:					
Edgenta Healthtronics Sdn. Bhd.	Malaysia	3,000,000	100	100	Provision of biomedical engineering maintenance services
Fresh Linen Services (Sabah) Sdn. Bhd.	Malaysia	3,000,000	60	60	Provision of laundry processing activities
Edgenta Mediserve (Sabah) Sdn. Bhd.	Malaysia	100,000	100	100	Investment holding
Edgenta Mediserve (Sarawak) Sdn. Bhd.	Malaysia	100,000	100	100	Investment holding
Cermin Cahaya Sdn. Bhd.	Malaysia	2	100	100	Provision of cleansing services to hospitals
Associate of Edgenta Mediserve (Sabah) Sdn. Bhd.:					
Sedafiat Sdn. Bhd. (b)	Malaysia	5,000,000	40	40	Provision of hospital support services
Associate of Edgenta Mediserve (Sarawak) Sdn. Bhd.:					
One Medicare Sdn. Bhd. (b)	Malaysia	5,000,000	40	40	Provision of hospital support services
Biomedix Solutions Sdn. Bhd. (b)	Malaysia	1,000,000	40	40	Provision of biomedical engineering maintenance services
Subsidiary of Faber Development Holdings Sdn. Bhd.:					
Faber Union Sdn. Bhd.	Malaysia	97,000,000	100	100	Property development
Rimbunan Melati Sdn. Bhd.	Malaysia	5,000,000	55	55	Property development
Faber Grandview Development (Sabah) Sdn. Bhd.	Malaysia	4,500,000	100	100	Property development
Faber Heights Management Sdn. Bhd.	Malaysia	2	100	100	Property management
Country View Development Sdn. Bhd.	Malaysia	11,200,000	100	100	Property development and provision of facilities management services

45. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONT'D.)

Details of subsidiaries, joint ventures and associates are as follows: (cont'd.)

Name of Companies	Country of incorporation	Issued and paid-up share capital RM	Effective proportion of ownership interest		Principal activities
			2018 %	2017 %	
Subsidiary of Edgenta Facilities Sdn. Bhd.:					
Edgenta Facilities Management Sdn. Bhd.	Malaysia	5,000,000	100	100	Facilities management services
Faber Star Facilities Management Limited (b)	India	Rs3,57,10,770	100	100	Facilities management in India
General Field Sdn. Bhd.	Malaysia	2	100	100	Provision of energy performance management services
Associate of Edgenta Facilities Sdn. Bhd.:					
Faber Sindoori Management Services Private Limited (b)	India	Rs9,23,780	51	51	Facilities management in India
Subsidiary of Edgenta PROPEL Berhad:					
Edgenta Infrastructure Services Sdn. Bhd. (formerly known as Aquatrans Sdn. Bhd.)	Malaysia	100,000	100	100	Undertaking of water projects
PT Edgenta PROPEL Indonesia	Indonesia	Rp10.0 billion	99.9	99.6	Provision of management consultancy and advisory related to management of roads
Jointly Controlled Operation of Edgenta PROPEL Berhad:					
Edgenta PROPEL-NRC JO	Unincorporated	–	55	55	Providing highway maintenance services
Subsidiary of Opus Group Berhad:					
Builders Credit & Leasing Sdn. Bhd.	Malaysia	600,000	100	100	Investment holding
International Business Link, Inc. (a)	British Virgin Islands	US\$1	–	100	Dissolved in current year
Opus International (NZ) Limited (a)	New Zealand	NZD200	100	100	Investment holding
Opus International (M) Berhad	Malaysia	15,000,000	100	100	Management of the planning, design and construction of infrastructure projects and provision of facilities management services

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

45. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONT'D.)

Details of subsidiaries, joint ventures and associates are as follows: (cont'd.)

Name of Companies	Country of incorporation	Issued and paid-up share capital RM	Effective proportion of ownership interest		Principal activities
			2018 %	2017 %	
Subsidiary of Opus International (M) Berhad:					
Opus Management Sdn. Bhd.	Malaysia	1,000,000	100	100	Management of the planning, design and construction of infrastructure projects and provision of facilities management services
Pengurusan Lantas Berhad	Malaysia	5,000,000	100	100	Provision of technical management support services for the planning, design and construction of projects
Pengurusan LRT Sdn. Bhd.	Malaysia	2	100	100	Provision of project management services
Opus International India Pte. Ltd. (b)	India	Rs4,60,000	100	100	Provision of asset development and asset management services
Opus Al-Dauliyyah L.L.C. (a)(d)	The Kingdom of Saudi Arabia	SAR 500,000	100	100	Engineering consultancy services
Associate of Opus International (M) Berhad:					
Opus Consultants (M) Sdn. Bhd.	Malaysia	71,400	30	30	Engineering consultancy services
Subsidiary of Edgenta Township Management Services Sdn. Bhd.:					
UEM Sunrise Edgenta TMS Sdn. Bhd.	Malaysia	3,900,000	70	70	Investment holding and management of real estate
Subsidiary of UEM Sunrise Edgenta TMS Sdn. Bhd.:					
Edgenta TMS Sdn. Bhd.	Malaysia	5,500,000	49	49	Management of real estate

45. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONT'D.)

Details of subsidiaries, joint ventures and associates are as follows: (cont'd.)

Name of Companies	Country of incorporation	Issued and paid-up share capital RM	Effective proportion of ownership interest		Principal activities
			2018 %	2017 %	
Subsidiary of KFM Holdings Sdn. Bhd.:					
Operon Consulting Sdn. Bhd.	Malaysia	1,128,260	56	56	Assets management consultancy services
KFM Energy Services Sdn. Bhd.	Malaysia	2,000,000	80	80	Provision of consultancy and other services relating to conservation and renewable energy
KFM Projects Sdn. Bhd.	Malaysia	100,000	80	80	Project management consulting services
KFM Solutions Sdn. Bhd.	Malaysia	100,000	80	80	Consultancy services in the green, smart and connected urban ecology and integrated facility management services
KFM Systems Sdn. Bhd.	Malaysia	100,000	80	80	Consultancy and contractors for building management systems for the built environment
Veridis PPP One Sdn. Bhd.	Malaysia	275,000	80	80	Concession holder specialising in retro-fitting works of building utilising green technology
Operon Middle East Limited (a)	British Virgin Island	USD 1,503,200	80	80	Facilities management and building cleaning services
Operon Malaysia Sdn. Bhd.	Malaysia	100,000	80	80	Provision of supervising officer for activities related to Green Technology and other solutions for the built environment
KFM Middle East Limited (b)	British Virgin Island	USD 1,000	56	56	Dormant
Associate of Operon Consulting Sdn. Bhd.:					
Operon Asset Advisory Sdn. Bhd. (b)	Malaysia	10,000	27	27	Asset management consulting services
Subsidiary of Edgenta (Singapore) Pte. Ltd.:					
Asia Integrated Facility Solutions Pte. Ltd. (b)	Singapore	SGD22,946,304	–	100	Dissolved in current year
UEMS Pte. Ltd. (a)	Singapore	SGD8,300,000	97.5	97.5	Investment holding

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

45. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONT'D.)

Details of subsidiaries, joint ventures and associates are as follows: (cont'd.)

Name of Companies	Country of incorporation	Issued and paid-up share capital RM	Effective proportion of ownership interest		Principal activities
			2018 %	2017 %	
Subsidiary of Asia Integrated Facility Solutions Pte. Ltd.:					
Asia Facility Solutions Pte. Ltd. (b)	Singapore	SGD22,946,304	—	100	Dissolved in current year
Subsidiary of UEMS Pte. Ltd.:					
UEMS Solutions Pte. Ltd. (a)	Singapore	SGD2,000,000	97.5	97.5	Provision of facility management services
Edgenta UEMS Sdn. Bhd. (formerly known as UEMS Solutions Sdn. Bhd.)	Malaysia	3,000,000	97.5	97.5	Provision of facility management services
Edgenta UEMS Ltd. (formerly known as UEMS Solutions Ltd. (a))	Taiwan	TWD25,000,000	97.5	97.5	Provision of facility management services
ServiceMaster Hong Kong Limited (a)	Hong Kong	HKD20,036,000	97.5	97.5	Provision of facility management services
Subsidiary of Edgenta UEMS Ltd.:					
Edgenta UEMS SC Ltd. (formerly known as UEMS ServiceCorp Ltd. (a))	Taiwan	TWD25,000,000	97.5	97.5	Provision of cleaning and consulting services for business enterprises, buildings and home service to individuals

(a) Audited by member firms of Ernst & Young Global in respective countries

(b) Audited by firms other than Ernst & Young

(c) Edgenta Mediserve Sdn. Bhd. is 43% owned by UEM Edgenta Berhad and 57% owned by Edgenta Healthcare Management Sdn. Bhd.

(d) Opus AI-Dauliyyah L.L.C. is 95% owned by Opus International (M) Berhad and 5% owned by Opus Management Sdn. Bhd.

46. SIGNIFICANT EVENTS**(a) Issuance of Islamic Commercial Papers**

In 2017, the Company had established the Islamic Commercial Papers ("ICPs") and Islamic Medium Term Notes ("IMTNs") under an Islamic Commercial Papers Programme ("ICP Programme") and Islamic Medium Term Notes Programme ("IMTN Programme") respectively, which have a combined aggregate limit of up to RM1,000.0 million in nominal value and a sub-limit of RM300.0 million in nominal value for the ICP Programme under the Shariah Principle of Murabahah via a Tawarruq Arrangement.

On 26 April 2018, the Company completed the issuance of RM50.0 million in nominal value of Islamic Commercial Papers ("ICP") with a tenure of 12 months under the ICP Programme.

The proceeds raised was utilised to redeem the outstanding ICPs amounting to RM50.0 million on the said ICP Programme which was issued on 26 April 2017 and matured on 26 April 2018.

(b) Members' voluntary winding-up of Asia Integrated Facility Solutions Pte. Ltd. ("AIFS") and Asia Facility Solutions Pte. Ltd. ("AFS")

On 22 November 2017, AIFS and AFS, indirect wholly-owned subsidiaries of the Company incorporated in Singapore, had been placed under members' voluntary winding-up pursuant to Section 290(1) of the Singapore Companies Act (Cap. 50). The members' voluntary winding up was completed on 27 December 2018.

The voluntary wind-up had no material effect to the earnings, gearing or net asset of the Group and Company.

(c) Restructuring of Edgenta UEMS Pte Ltd (Formerly known as UEMS Pte. Ltd.)

On 10 August 2018, Edgenta UEMS Pte Ltd became a direct subsidiary of Edgenta (Singapore) Pte Ltd ("ESG"), a wholly-owned subsidiary of the Company via the transfer of shares by way of distribution-in-specie from AIFS, a wholly-owned subsidiary of ESG.

The restructuring had no material effect to the financial statements of the Group and Company.

(d) Dissolution of International Business Link Inc. ("IBL")

On 1 November 2018, IBL, a wholly-owned subsidiary of Opus Group Berhad, which in turn is a wholly-owned subsidiary of the Company, had been struck off from the British Virgin Islands' Registry of Corporate Affairs.

47. SUBSEQUENT EVENT**Members voluntary wind up of Faber Hotels Holdings Sdn. Bhd.**

On 6 March 2019, Faber Hotels Holdings Sdn. Bhd. ("FHH"), a wholly-owned subsidiary of the Company, had been placed under Member's Voluntary Winding-Up pursuant to Section 439(1)(b) of the Companies Act 2016.

The winding up of FHH is not expected to have a material effect on the earnings, gearing or net assets of the Group.

ANALYSIS OF SHAREHOLDINGS

as at 8 March 2019

SHARE CAPITAL

The total number of issued shares stands at 831,624,030 ordinary shares, with voting right of one (1) vote per ordinary share held.

DISTRIBUTION SCHEDULE FOR ORDINARY SHARES

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
Less than 100	1,114	7.94	36,069	0.00
100 - 1,000	9,994	71.18	3,522,673	0.42
1,001 - 10,000	2,452	17.46	8,853,937	1.07
10,001 - 100,000	368	2.62	10,950,507	1.32
100,001 - 41,581,200 (*)	111	0.79	193,175,276	23.23
41,581,201 and above (**)	2	0.01	615,085,568	73.96
Total	14,041	100.00	831,624,030	100.00

Notes:

* Less than 5% of issued holdings

** 5% and above of issued holdings

30 LARGEST SHAREHOLDERS AS PER RECORD OF DEPOSITORS

as at 8 March 2019

No.	Name of Shareholders	No. of Shares Held	% of Issued Shares
1	UEM GROUP BERHAD	566,772,268	68.15
2	URUSHARTA JAMAAH SDN BHD	48,313,300	5.81
3	AMANAHRAYA TRUSTEES BERHAD PUBLIC ITTIKAL SEQUEL FUND	17,025,200	2.05
4	AMANAHRAYA TRUSTEES BERHAD PUBLIC SMALLCAP FUND	14,741,900	1.77
5	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR AIA BHD	10,407,300	1.25
6	MAYBANK NOMINEES (TEMPATAN) SDN BHD MTRUSTEE BERHAD FOR CIMB ISLAMIC DALI EQUITY GROWTH FUND (UT-CIMB-DALI) (419455)	9,898,700	1.19
7	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 3)	8,460,900	1.02
8	UEM GROUP BERHAD	8,195,657	0.99
9	AMANAHRAYA TRUSTEES BERHAD PUBLIC STRATEGIC SMALLCAP FUND	7,796,900	0.94
10	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (DR)	7,741,400	0.93
11	MAYBANK NOMINEES (TEMPATAN) SDN BHD NATIONAL TRUST FUND (IFM MAYBANK)	6,227,800	0.75
12	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC OPTIMAL GROWTH FUND	6,218,800	0.75
13	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC TREASURES GROWTH FUND	5,106,500	0.61
14	AFFIN HWANG NOMINEES (ASING) SDN BHD DBS VICKERS SECS (S) PTE LTD FOR TAN JU HONG	4,484,800	0.54
15	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (CIMB PRIN)	4,413,100	0.53
16	TOKIO MARINE LIFE INSURANCE MALAYSIA BHD AS BENEFICIAL OWNER (PF)	4,006,500	0.48
17	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR OCBC SECURITIES PRIVATE LIMITED (CLIENT A/C-NR)	3,825,983	0.46
18	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LPF)	3,644,300	0.44
19	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (CIMB EQUITIES)	3,381,100	0.41

No.	Name of Shareholders	No. of Shares Held	% of Issued Shares
20	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 1)	3,099,900	0.37
21	AMANAHRAYA TRUSTEES BERHAD PMB SHARIAH AGGRESSIVE FUND	3,019,300	0.36
22	CIMB COMMERCE TRUSTEE BERHAD PUBLIC FOCUS SELECT FUND	2,764,700	0.33
23	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR EMERGING MARKET CORE EQUITY PORTFOLIO DFA INVESTMENT DIMENSIONS GROUP INC	2,626,600	0.32
24	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DFA EMERGING MARKETS SMALL CAP SERIES	2,340,900	0.28
25	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR CIMB ISLAMIC DALI EQUITY THEME FUND	2,218,400	0.27
26	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (ARIM)	2,070,000	0.25
27	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC SELECT TREASURES FUND	1,839,300	0.22
28	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC OPPORTUNITIES FUND	1,823,600	0.22
29	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR PERTUBUHAN KESELAMATAN SOSIAL (CIMB-P 6939-404)	1,797,400	0.22
30	AMANAHRAYA TRUSTEES BERHAD PMB SHARIAH PREMIER FUND	1,601,000	0.19
TOTAL		765,863,508	92.10

SUBSTANTIAL SHAREHOLDERS**As per the Register of Substantial Shareholders**

as at 8 March 2019

Name of Substantial Shareholders	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
UEM Group Berhad	574,967,925	69.14	-	-
Khazanah Nasional Berhad [#]	-	-	574,967,925	69.14
Urusharta Jamaah Sdn Bhd	48,313,300	5.81	-	-

Note:

[#] Deemed interested pursuant to Section 8(4) of the Companies Act 2016.**DIRECTORS' INTERESTS IN THE COMPANY AND ITS RELATED CORPORATIONS**

as at 8 March 2019

Directors' Interests in Ordinary Shares of UEM Edgenta Berhad

Name of Directors	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Amir Hamzah Azizan	75,000	0.01	-	-
Dato' Azmir Merican	130,000	0.02	-	-
Dato' Noorazman Abd Aziz	-	-	-	-
Robert Tan Bun Poo	-	-	-	-
Dr. Saman @ Saimy Ismail	-	-	-	-
Elakumari Kantilal	-	-	-	-
Juniwati Rahmat Hussin	-	-	-	-
Dato' George Stewart LaBrooy	-	-	-	-
Emily Kok	-	-	-	-
Rowina Ghazali Seth	-	-	-	-

PROPERTIES HELD BY THE GROUP

Location and Address	Description of Properties	Approx. Land Area (Sq. Meters)	Gross Built-Up Area (Sq. Meters)	Existing Use	Land Tenure (Expiry Date)	Building Approx. Age (Years)	Net Book Value as at 31.12.2018 (RM'000)	Last Date of Revaluation or If None; Date of Acquisition
CORPORATE								
UEM Edgenta Berhad								
46 Armada Villa No. 6, Jalan 109F Taman Danau Desa 58100 Kuala Lumpur	Two units of three-storey bungalows	0.49 acres	1,207	Corporate facilities	Leasehold (31.8.2108)	5	2,083	16.12.2016
Lot 32, 33 & 33A Prima Villa No. 2, Jalan 109F Taman Danau Desa 58100 Kuala Lumpur	Three units of four-storey link villas	0.24 acres	1,617	Corporate facilities	Leasehold (6.1.2109)	4	8,979	16.12.2016
HEALTHCARE SUPPORT								
Edgenta Mediserve Sdn Bhd								
Lot No. 65 Kamunting Raya Industrial Estate Kamunting, Perak	Incineration plant with double-storey administration block plus laundry plant	5.87 acres	23,760	Incinerator for clinical waste and laundry plant	Leasehold (7.12.2097)	22	1,003	31.12.2018
Lot No. 37 Kuala Ketil Industrial Estate Mukim of Tawar District of Baling, Kedah	Laundry plant with 2-storey administration block and ancillary facilities	2.24 acres	9,058	Laundry plant	Leasehold (26.3.2056)	15	774	31.12.2018
Lot No. 131 (CL215359890) & Lot No. 132 (CL215359907) SEDCO Industrial Estate Lok Kawi, Sabah	Incineration plant with single-storey detached factory with mezzanine office	0.51 acres	2,060	Incinerator for clinical waste	Leasehold (13.12.2042)	13	350	2.11.2018
Lot 10486, Seksyen 20 Serendah Ulu Selangor Selangor Darul Ehsan	Research and Development centre	1.47 acres	5,987	Research and development	Freehold	7	1,160	31.12.2018
Fresh Linen Services (Sabah) Sdn Bhd								
Lot 34-5, Industrial Zone 4 (IZ 4) Kota Kinabalu Industrial Park Kota Kinabalu, Sabah	Laundry plant with 2-storey office and warehouse	0.96 acres	3,885	Laundry plant	Leasehold (13.12.2105)	9	849	31.12.2018

Location and Address	Description of Properties	Approx. Land Area	Gross Built-Up Area (Sq. Meters)	Existing Use	Land Tenure (Expiry Date)	Building Approx. Age (Years)	Net Book Value as at 31.12.2018 (RM'000)	Last Date of Revaluation or If None; Date of Acquisition
INFRASTRUCTURE SERVICES								
Edgenta Propel Berhad								
No. C1-16-08, Block C1 Vista Komanwel, Bukit Jalil 57700 Kuala Lumpur	Penthouse (duplex)	—	850	Staff accommodation	Freehold	5	339	19.4.2013
LMD Dengkil Office Kawasan Rehat dan Rawat Dengkil KM238, Arah Selatan Lebuhraya ELITE 43800 Dengkil, Selangor	Office building and warehouse storage	—	5,000	Logistic and machinery depot	Leasehold	13	1,780	1.5.2005
Edgenta Environmental & Material Testing								
Suite 4801-T-05, Block 4801 CBD Perdana, Jalan Perdana 63000 Putrajaya, Selangor	Office building	—	175	Office lot	Freehold	8	461	7.12.2015
No. 3 & No. 5, Jalan P18 Kawasan Perindustrian MIEL 43650 Bandar Baru Bangi, Selangor	Two adjoining units of one and half-storey semi detached factory	0.83 acres	1,303	Laboratory & office building	Leasehold (29.9.2086)	28	2,447	7.12.2015
PROPERTY DEVELOPMENT								
Country View Development Sdn Bhd								
CL015027237 and CL015395196 Kota Kinabalu, Sabah	Vacant land for development	7.72 acres	—	Vacant land	Leasehold 999 years (2.12.2920 and 20.8.2925)	—	477	1.2.2018

RECURRENT RELATED PARTY TRANSACTIONS

The shareholders of UEM Edgenta Berhad ("UEM Edgenta" or "the Company") had at the 55th Annual General Meeting held on 10 May 2018 granted their approval for the Company and its subsidiary companies ("UEM Edgenta Group") to enter into recurrent related party transactions of a revenue or trading nature, which are necessary for its day-to-day operations and are in the ordinary course of business in order to comply with Paragraph 10.09 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities").

In accordance to Practice Note 12 of the MMLR of Bursa Securities, the details of recurrent related party transactions made during the financial year ended 31 December 2018 pursuant to the shareholders' mandate are as follows:-

Item	Company in UEM Edgenta Group involved	Transacting Party	Nature of relationship as at the LPD	Nature of transaction	Value incurred from 1 January 2018 to 10 May 2018 RM'000	Value incurred from 10 May 2018 to 31 December 2018 RM'000	Aggregate Value of Transactions during the Financial Year RM'000
1	UEM Edgenta Group	UEMG Group	<p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG. UEM Edgenta is a 69.14% subsidiary of UEMG.</p> <p>Dato' Noorazman Abd Aziz is a Director of UEM Edgenta and UEMG.</p> <p>Dato' Noorazman Abd Aziz does not have any equity interest in UEMG.</p>	Provision of Directors and staff training and development by UEMG Group.	267	390	657
				Provision of administrative and audit and tax services by UEMG Group.	1,524	2,476	4,000
				Rental of office space in Tower 1, Avenue 7, Bangsar South and ancillary facilities from UEMG Group.	2,544	5,026	7,570
				Rental of archive store at Taman Desa and ancillary facilities from UEMG Group.	21	43	64
				Rental of meeting rooms in Tower 1, Avenue 7, Bangsar South ancillary facilities from UEMG Group.	–	–	–
				Provision of services to UEMG as follows: (i) proposed provision of vehicle screening services for projects developed; (ii) design and project management fees for projects; (iii) provision for soil investigation, instrumentation, material testing, environmental and pavement condition assessment works for rail projects; and/or (iv) provision of energy management services.	–	12,356	12,356
				Provision of facilities maintenance services to PLUS Malaysia Group.	1,143	3,029	4,172
2	UEM Edgenta Group	PLUS Malaysia Group	<p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG. UEM Edgenta is a 69.14% subsidiary of UEMG.</p> <p>PLUS Malaysia is a 51% subsidiary of UEMG.</p> <p>Dato' Noorazman Abd Aziz is a Director of UEM Edgenta and PLUS Malaysia.</p> <p>Dato' Noorazman Abd Aziz does not have any equity interest in PLUS Malaysia.</p>	Provision of highway operations and maintenance services through Performance Based Contract ("PBC") concept to PLUS Malaysia Group.	–	–	–

Item	Company in UEM Edgenta Group involved	Transacting Party	Nature of relationship as at the LPD	Nature of transaction	Value incurred from 1 January 2018 to 10 May 2018 RM'000	Value incurred from 10 May 2018 to 31 December 2018 RM'000	Aggregate Value of Transactions during the Financial Year RM'000
3	UEM Edgenta Group	UEM Sunrise Group	<p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>UEM Edgenta is a 69.14% subsidiary of UEMG.</p> <p>UEM Sunrise is a 66.06% subsidiary of UEMG.</p> <p>Dato' Noorazman Abd Aziz is a Director of UEM Edgenta and UEM Sunrise.</p> <p>Dato' Noorazman Abd Aziz does not have any equity interest in UEM Sunrise.</p>	Provision of facilities maintenance services to UEM Sunrise Group.	1,968	4,000	5,968
				Provision of integrated facilities management and estate management services by UEM Edgenta Group to UEM Sunrise Group.	5,565	10,654	16,219
				Provision of services to UEM Sunrise Group as follows: <ul style="list-style-type: none"> (i) pavement, mechanical, electrical and electronic ("MEE") works, utilities relocation and traffic management works; (ii) project management consultancy services for commercial development; (iii) proposed soil investigation works, instrumentation, material testing, environmental services and pavement works for projects development; (iv) provision of energy management services; and/or (v) provision of Strata and Building Facilities Management software - User License Fee. 	—	—	—
4	UEM Edgenta Group	TARH	<p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>UEM Edgenta is a 69.14% subsidiary of UEMG.</p> <p>TARH is a wholly-owned subsidiary of Khazanah.</p> <p>Amir Hamzah Azizan is a Director of UEM Edgenta and TARH.</p> <p>Amir Hamzah Azizan does not have any equity interest in TARH.</p>	Provision of consultancy and township management services which includes integrated facilities management (mechanical and electrical ("M&E"), housekeeping, security, estate management, safety & health) and community management to TARH.	—	—	—
				Provision of services to TARH as follows: <ul style="list-style-type: none"> (i) pavement, MEE works, utilities relocation and traffic management works; (ii) proposed soil investigation works, instrumentation, material testing, environmental services for hotels and resorts; and/or (iii) buildings and facilities audit exercise at Desaru Adventure Water Park. 	—	—	—

RECURRENT RELATED PARTY TRANSACTIONS

Item	Company in UEM Edgenta Group involved	Transacting Party	Nature of relationship as at the LPD	Nature of transaction	Value incurred from 1 January 2018 to 10 May 2018 RM'000	Value incurred from 10 May 2018 to 31 December 2018 RM'000	Aggregate Value of Transactions during the Financial Year RM'000
5	UEM Edgenta Group	UEM Sunrise Group	<p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG. UEM Edgenta is a 69.14% subsidiary of UEMG. UEM Sunrise is a 66.06% subsidiary of UEMG.</p> <p>Dato' Noorazman Abd Aziz is a Director of UEM Edgenta and UEM Sunrise. Dato' Noorazman Abd Aziz does not have any equity interest in UEM Sunrise.</p>	Rental of office space in Imperia Tower, Iskandar Puteri, Johor from UEM Sunrise Group.	241	240	481
6	UEM Edgenta Group	CIMA	<p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG. UEM Edgenta is a 69.14% subsidiary of UEMG. CIMA is a wholly-owned subsidiary of UEMG.</p>	Provision of energy management services through Energy Performance Contract at various locations to CIMA.	—	—	—
7	UEM Edgenta Group	MAHB	<p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG. UEM Edgenta is a 69.14% subsidiary of UEMG. MAHB is a 33.21% associated company of Khazanah.</p>	Provision of energy management services through energy performance contract to MAHB.	—	—	—
8	UEM Edgenta Group	First Impact	<p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG. UEM Edgenta is a 69.14% subsidiary of UEMG. First Impact is a wholly-owned subsidiary of UEMG.</p>	Provision of asset management services for office buildings of First Impact.	3,507	7,979	11,486
9	UEM Edgenta Group	TM Group	<p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG. UEM Edgenta is a 69.14% subsidiary of UEMG. TM is a 26.21% associated company of Khazanah.</p>	<p>Provision of services to TM Group as follows:</p> <ul style="list-style-type: none"> i) facilities maintenance services and energy management services; (ii) pavement, civil, MEE works, utilities relocation works and traffic management services; and/or (iii) infrastructure maintenance of telecommunications network. 	—	—	—

Item	Company in UEM Edgenta Group involved	Transacting Party	Nature of relationship as at the LPD	Nature of transaction	Value incurred from 1 January 2018 to 10 May 2018 RM'000	Value incurred from 10 May 2018 to 31 December 2018 RM'000	Aggregate Value of Transactions during the Financial Year RM'000
10	UEM Edgenta Group	MAHB Group	<p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>UEM Edgenta is a 69.14% subsidiary of UEMG.</p> <p>MAHB is a 33.21% associated company of Khazanah.</p>	<p>Provision of services to MAHB Group as follows:</p> <p>(i) pavement, civil, MEE works, utilities relocation works and traffic management services; and/or</p> <p>(ii) proposed soil investigation works, instrumentation, material testing, environmental services and pavement works for airports.</p>	–	466	466
11	UEM Edgenta Group	TNB Group	<p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>UEM Edgenta is a 69.14% subsidiary of UEMG.</p> <p>TNB is a 28.14% associated company of Khazanah.</p> <p>Juniwati Rahmat Hussin is a Director of UEM Edgenta and TNB.</p> <p>Juniwati Rahmat Hussin does not have any equity interest in TNB.</p>	<p>Provision of services to TNB Group as follows:</p> <p>(i) project management consultancy services for office building;</p> <p>(ii) provision of pavement, MEE works, utilities relocation and traffic management works;</p> <p>(iii) proposed soil investigation works, instrumentation, material testing, environmental services; and/or</p> <p>(iv) provision of integrated facilities management and energy services for TNB Buildings.</p>	–	–	–
12	UEM Edgenta Group	Borneo Highway PDP Sdn Bhd	<p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>UEM Edgenta is a 69.14% subsidiary of UEMG</p> <p>Borneo Highway PDP Sdn Bhd is a 40% associated company of UEM MMC Joint Venture Sdn Bhd, which in turn is a 50% joint venture of UEMG.</p>	<p>Provision of services to Borneo Highway PDP Sdn Bhd as follows:</p> <p>(i) pavement, MEE works, utilities relocation and traffic management works;</p> <p>(ii) payment of project management fees for highway project; and/or</p> <p>(iii) proposed soil investigation works, instrumentation, material testing, environmental services and pavement works.</p>	–	7,631	7,631
13	UEM Edgenta Group	Cenviro Group	<p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>UEM Edgenta is a 69.14% subsidiary of UEMG.</p> <p>Cenviro is a wholly-owned subsidiary of Khazanah.</p>	<p>Provision of services to Cenviro Group as follows:</p> <p>(i) provision of office services; and/or</p> <p>(ii) proposed soil investigation works, instrumentation, material testing, and environmental services.</p>	16	40	56

RECURRENT RELATED PARTY TRANSACTIONS

Item	Company in UEM Edgenta Group involved	Transacting Party	Nature of relationship as at the LPD	Nature of transaction	Value incurred from 1 January 2018 to 10 May 2018 RM'000	Value incurred from 10 May 2018 to 31 December 2018 RM'000	Aggregate Value of Transactions during the Financial Year RM'000
14	UEM Edgenta Group	Axiata Group Berhad and its subsidiaries	Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG. UEM Edgenta is a 69.14% subsidiary of UEMG. Axiata Group Berhad is 37.16% associated company of Khazanah.	Provision of integrated facilities management and energy services to Axiata Group Berhad.	—	—	—
15	UEM Edgenta Group	Konsortium Prohawk Sdn Bhd	Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG. UEM Edgenta is a 69.14% subsidiary of UEMG. Konsortium Prohawk Sdn Bhd is a 65% subsidiary of UEMG.	Provision of management, operations and maintenance of parking facilities, café, medical hotel and retail business at Women & Children Hospital (WACH) to Konsortium Prohawk Sdn Bhd.	—	—	—
16	UEM Edgenta Group	Putrajaya Holdings	Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG. UEM Edgenta is a 69.14% subsidiary of UEMG. Putrajaya Holdings is a 15.6% associated company of Khazanah.	Provision of services to Putrajaya Holdings as follows: (i) Proposed soil investigation works, instrumentation, material testing, environmental services, pavement works for projects; and/or (ii) provision of integrated facilities management and estate management.	—	—	—
17	UEM Edgenta Group	PT Lintas Marga Sedaya ("PT Lintas")	Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG. UEM Edgenta is a 69.14% subsidiary of UEMG PT Lintas is a 55% subsidiary of PEIB, which in turn is a wholly-owned subsidiary of UEMG. Dato' Noorazman Abd Aziz is a Director of UEM Edgenta and PT Lintas. Dato' Noorazman Abd Aziz does not have any equity interest in PT Lintas.	Provision of maintenance services for highway to PT Lintas.	—	—	—

Item	Company in UEM Edgenta Group involved	Transacting Party	Nature of relationship as at the LPD	Nature of transaction	Value incurred from 1 January 2018 to 10 May 2018 RM'000	Value incurred from 10 May 2018 to 31 December 2018 RM'000	Aggregate Value of Transactions during the Financial Year RM'000
18	UEM Edgenta Group's property development companies	Any Related Party who may wish to purchase properties developed by UEM Edgenta Group's property development companies	<p>All Directors and Major Shareholders of UEM Edgenta are interested in this transaction.</p> <p>All Directors of UEM Edgenta do not have any direct and/or indirect shareholding in UEM Edgenta, save for Amir Hamzah Azizan and Dato' Azmir Merican as disclosed in the Directors' Report.</p> <p>All Directors and Major Shareholders of UEM Edgenta will abstain and ensure that all Persons Connected to them will abstain from voting on the relevant resolution.</p> <p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>UEM Edgenta is a 69.14% subsidiary of UEMG.</p>	Sale of property units by UEM Edgenta Group's property development companies.	—	—	—
19	EHM	Konsortium Prohawk Sdn Bhd	<p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>EHM is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>Konsortium Prohawk Sdn Bhd is a 65% subsidiary of UEMG.</p>	Provision of asset management services for Women & Children Hospital (WACH) to Konsortium Prohawk Sdn Bhd.	1,466	3,094	4,560
20	EMS	Cenviro Group	<p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>EMS is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>Kualiti Alam is a wholly-owned subsidiary of Cenviro, which in turn is a wholly-owned subsidiary of Khazanah.</p>	Provision of healthcare waste management services by Kualiti Alam.	653	1,046	1,699

RECURRENT RELATED PARTY TRANSACTIONS

Item	Company in UEM Edgenta Group involved	Transacting Party	Nature of relationship as at the LPD	Nature of transaction	Value incurred from 1 January 2018 to 10 May 2018 RM'000	Value incurred from 10 May 2018 to 31 December 2018 RM'000	Aggregate Value of Transactions during the Financial Year RM'000
21	EMS Group	SMS Likas	<p>FLS Sabah is a 60% subsidiary of EMS, which in turn is a wholly-owned subsidiary of UEM Edgenta. SMS Likas holds 40% of the equity interest in FLS Sabah. Zohari Mahur is a Director of SMS Likas and FLS Sabah. Zohari Mahur has a 58.33% equity interest in SMS Likas.</p>	Provision of linen processing involving washing, drying and folding of linen, linen transportation involving transportation of linen from the plant to hospitals and vice versa, and manpower supply by SMS Likas.	1,316	2,537	3,853
22	EFSB Group	Symphony Hills Sdn Bhd ("Symphony Hills")	<p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG. EFSB is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG. Symphony Hills is a wholly-owned subsidiary of Bandar Nusajaya Development Sdn Bhd, which in turn is a wholly-owned subsidiary of UEM Land, which in turn is a wholly-owned subsidiary of UEM Sunrise, which in turn is a 66.06% subsidiary of UEMG.</p>	Provision of cleaning services at sales gallery, office and unit show houses for Symphony Hills.	206	213	419
23	EFSB Group	Setia Haruman Sdn Bhd ("Setia Haruman")	<p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG. EFSB is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG. Setia Haruman is a 25% associated company of UEM Land, which in turn is a wholly-owned subsidiary of UEM Sunrise, which in turn is a 66.06% subsidiary of UEMG.</p>	Provision of facilities maintenance services to Setia Haruman.	2,384	4,950	7,334
				Rental payable on a monthly basis by EFSB Group to Setia Haruman for office space.	21	43	64

Item	Company in UEM Edgenta Group involved	Transacting Party	Nature of relationship as at the LPD	Nature of transaction	Value incurred from 1 January 2018 to 10 May 2018 RM'000	Value incurred from 10 May 2018 to 31 December 2018 RM'000	Aggregate Value of Transactions during the Financial Year RM'000
24	EFSB Group	UEM Builders	<p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>EFSB is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>UEM Builders is a wholly-owned subsidiary of UEMG.</p>	Provision of cleaning services, and M&E maintenance to UEM Builders.	127	133	260
25	EFSB Group	UEMG	<p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>EFSB is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p>	Provision of cleaning and landscaping services for UEM Learning to UEMG.	47	112	159
26	EFSB Group	Teras Teknologi Sdn Bhd ("TERAS")	<p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>EFSB is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>TERAS is a wholly-owned subsidiary of PLUS Malaysia, which in turn is a 51% subsidiary of UEMG.</p>	Provision of cleaning services to TERAS warehouse.	–	60	60
27	EFSB Group	UEM Sunrise	<p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>EFSB is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>UEM Sunrise is a 66.06% subsidiary of UEMG.</p>	Provision of facilities management services for office buildings of UEM Sunrise.	5	16	21
28	EFSB Group	CIMB Group	<p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>EFSB is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>CIMB is a 27.27% associated company of Khazanah.</p>	Provision of facilities maintenance services to CIMB Group.	3,126	8,696	11,822

RECURRENT RELATED PARTY TRANSACTIONS

Item	Company in UEM Edgenta Group involved	Transacting Party	Nature of relationship as at the LPD	Nature of transaction	Value incurred from 1 January 2018 to 10 May 2018 RM'000	Value incurred from 10 May 2018 to 31 December 2018 RM'000	Aggregate Value of Transactions during the Financial Year RM'000
29	EFSB Group	Malaysian Bio-XCell Sdn Bhd ("Bio-Xcell")	<p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>EFSB is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>Bio-XCell is a 40% joint venture company of UEM Sunrise, which in turn is a 66.06% subsidiary of UEMG.</p>	Operation and maintenance for Central Utility Facility for Biotechnology Park to Bio-Xcell.	2,544	2,441	4,985
				Integrated facilities management services to Bio-Xcell.	200	1,294	1,494
30	Faber Sindoori	PCR Investments	<p>PCR Investments is the investment holding company of Dr. P.C. Reddy and his family members.</p> <p>Dr. P.C. Reddy and Persons Connected to him are major shareholders of ASHL with 65.67% equity interest.</p> <p>ASHL holds 49% of the equity interest in Faber Sindoori.</p> <p>Faber Sindoori is 51% owned by EFSB, which in turn is a wholly-owned subsidiary of UEM Edgenta.</p>	Payment of licensee fee for the usage of the brand name "Sindoori" to PCR Investments.	468	1,032	1,500
31	Edgenta PROPEL	UEM Construction	<p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>Edgenta PROPEL is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>UEM Construction is a wholly-owned subsidiary of UEM Builders, which in turn is a wholly-owned subsidiary of UEMG.</p>	Upgrade works for Bayan Lepas Expressway for UEM Construction.	—	191	191
				Provision of fourth lane widening ("FLW") civil works, MEE works and street lighting and traffic management services to UEM Construction.	—	1,208	1,208
32	Edgenta PROPEL	UEM Builders	<p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>Edgenta PROPEL is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>UEM Builders is a wholly-owned subsidiary of UEMG.</p>	Pavement, civil, MEE works, utilities relocation and traffic management works for UEM Builders.	—	—	—

Item	Company in UEM Edgenta Group involved	Transacting Party	Nature of relationship as at the LPD	Nature of transaction	Value incurred from 1 January 2018 to 10 May 2018 RM'000	Value incurred from 10 May 2018 to 31 December 2018 RM'000	Aggregate Value of Transactions during the Financial Year RM'000
33	Edgenta PROPEL	UEMG	<p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>Edgenta PROPEL is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p>	Payment of annual nomination fee to UEMG.	3,333	6,667	10,000
				Pavement, civil, MEE works, utilities relocation and traffic management works for UEMG.	–	–	–
34	Edgenta PROPEL	PLUS	<p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>Edgenta PROPEL is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>PLUS is a wholly-owned subsidiary of PLUS Malaysia, which in turn is a 51% subsidiary of UEMG.</p>	Provision of highway operations & maintenance services to PLUS.	10,052	34,261	44,313
				Annual pavement structural overlay ("PSO") works to PLUS.	40,251	70,045	110,296
				Provision of annual routine maintenance – civil and MEE works to PLUS.	70,443	150,540	220,983
				Annual work orders – civil works commissioned by PLUS.	23,508	75,849	99,357
				Annual work orders – pavement works commissioned by PLUS.	51,361	176,460	227,821
				Repair and replacement works by PLUS.	1,383	15,119	16,502
				Other works secured via tender from PLUS.	7,559	3,326	10,885
35	Edgenta PROPEL	TT dotCom Sdn Bhd	<p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>Edgenta PROPEL is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>TT dotCom Sdn Bhd is a wholly-owned subsidiary of TdC.</p> <p>TdC is a 11.23% associated company of Khazanah.</p> <p>TdC is a 30.47% associated company of PKV, which in turn is a 30.0% associated company of Khazanah.</p>	Provision of fiber optic maintenance on highway by TT dotCom Sdn Bhd.	561	846	1,407
36	Edgenta PROPEL	PT Lintas	<p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>Edgenta PROPEL is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>PT Lintas is a 55% subsidiary of PEIB, which in turn is a wholly-owned subsidiary of UEMG.</p>	Provision of maintenance services for highway to PT Lintas.	7,800	25,727	33,527

RECURRENT RELATED PARTY TRANSACTIONS

Item	Company in UEM Edgenta Group involved	Transacting Party	Nature of relationship as at the LPD	Nature of transaction	Value incurred from 1 January 2018 to 10 May 2018 RM'000	Value incurred from 10 May 2018 to 31 December 2018 RM'000	Aggregate Value of Transactions during the Financial Year RM'000
37	Edgenta PROPEL	TERAS	<p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>Edgenta PROPEL is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>TERAS is a wholly-owned subsidiary of PLUS Malaysia, which in turn is a 51% subsidiary of UEMG.</p>	Provision of FLW utilities and services to TERAS.	–	–	–
				Provision of MEE works by TERAS to Edgenta PROPEL.	–	–	–
38	Edgenta PROPEL	PT Karabha Gryamandiri – PT Nusa Raya Cipta Consortium	<p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>Edgenta PROPEL is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>PT Karabha Gryamandiri is a 55% subsidiary of UEM Construction, which in turn is a wholly-owned subsidiary of UEM Builders, which in turn is a wholly-owned subsidiary of UEMG.</p>	Contract awarded by PT Karabha Gryamandiri – PT Nusa Raya Cipta Consortium for highway pavement works.	–	–	–
39	Edgenta PROPEL	Kualiti Alam	<p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>Edgenta PROPEL is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>Kualiti Alam is a wholly-owned subsidiary of Cenviro, which in turn is a wholly-owned subsidiary of Khazanah.</p>	Provision of waste collection services by Kualiti Alam.	227	641	868
40	Edgenta PROPEL	Kuad	<p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>Edgenta PROPEL is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>Kuad is a 70% subsidiary of CIMA, which in turn is a wholly-owned subsidiary of UEMG.</p>	Purchase of material and provision of pavement works from Kuad.	2,902	4,398	7,300

Item	Company in UEM Edgenta Group involved	Transacting Party	Nature of relationship as at the LPD	Nature of transaction	Value incurred from 1 January 2018 to 10 May 2018 RM'000	Value incurred from 10 May 2018 to 31 December 2018 RM'000	Aggregate Value of Transactions during the Financial Year RM'000
41	Edgenta PROPEL	Kuari Pati	<p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>Edgenta PROPEL is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>Kuari Pati is a wholly-owned subsidiary of CIMA, which in turn is a wholly-owned subsidiary of UEMG.</p>	Purchases of materials for pavement works from Kuari Pati.	917	3,547	4,464
42	Edgenta PROPEL	UEMB-MRCB JV Sdn Bhd	<p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>Edgenta PROPEL is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>UEMB-MRCB JV Sdn Bhd is a 51% subsidiary of UEM Builders, which in turn is a wholly-owned subsidiary of UEMG.</p>	Provision of additional works in relation to road safety on FLW project to UEM Builders-MRCB JV Sdn Bhd.	—	—	—
43	Edgenta EMT	PLUS Malaysia Group	<p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>Edgenta EMT is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>PLUS Malaysia is a 51% subsidiary of UEMG.</p>	Provision of maintenance services of the real time monitoring system to PLUS Malaysia Group.	400	543	943
				Soil investigation works for upgrading of existing and new facilities for PLUS Malaysia Group.	—	—	—
44	Edgenta EMT	UEM Builders	<p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>Edgenta EMT is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>UEM Builders is a wholly-owned subsidiary of UEMG.</p>	Proposed soil investigation works, instrumentation, material testing, environmental services and pavement works for UEM Builders by Edgenta EMT.	—	—	—

RECURRENT RELATED PARTY TRANSACTIONS

Item	Company in UEM Edgenta Group involved	Transacting Party	Nature of relationship as at the LPD	Nature of transaction	Value incurred from 1 January 2018 to 10 May 2018 RM'000	Value incurred from 10 May 2018 to 31 December 2018 RM'000	Aggregate Value of Transactions during the Financial Year RM'000
45	Edgenta EMT	UEM Construction	<p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>Edgenta EMT is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>UEM Construction is a wholly-owned subsidiary of UEM Builders, which in turn is a wholly-owned subsidiary of UEMG.</p>	Instrumentation works for Mass Rapid Transit projects for UEM Construction.	3	—	3
				FLW works for roadway from Shah Alam to Sungai Buloh by UEM Construction.	—	—	—
46	Edgenta EMT	PLUS Malaysia	<p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>Edgenta EMT is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>PLUS Malaysia is a 51% subsidiary of UEMG.</p>	Proposed slope rehab works for soil investigation to PLUS Malaysia.	—	—	—
				Proposed bridge structure, instrumentation and soil investigation works for development of expressway to PLUS Malaysia.	—	—	—
47	Edgenta EMT	UEMG	<p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>Edgenta EMT is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p>	Soil investigation project for Paroi-Senawang-KLIA-Salak Tinggi (SKLIA) project for UEMG.	620	—	620
48	Edgenta EMT	CIMA Group	<p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>Edgenta EMT is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>CIMA is a wholly-owned subsidiary of UEMG.</p>	Proposed soil investigation works, instrumentation, material testing, environmental services and pavement works for CIMA Group of Companies by Edgenta EMT.	—	—	—
49	OIM	PLUS Malaysia Group	<p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>OIM is a wholly-owned subsidiary of Opus, which in turn is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>PLUS Malaysia is a 51% subsidiary of UEMG.</p>	Provision of maintenance management & technical services for highways and bridges to PLUS Malaysia Group.	11,619	11,218	22,837
				Payment of project management fee for roadway projects by PLUS Malaysia Group.	656	852	1,508
				Development of expressway by PLUS Malaysia Group.	—	340	340
				Payment of proposed network maintenance fees for expressway by PLUS Malaysia Group.	1,241	1,240	2,481

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50	OIM	PT Lintas	<p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>OIM is a wholly-owned subsidiary of Opus, which in turn is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>PT Lintas is a 55% subsidiary of PEIB, which in turn is a wholly-owned subsidiary of UEMG.</p>	Provision of maintenance management & technical services for highways and bridges at Cikampek Palimanan highway by OIM to PT Lintas.	668	1,291	1,959
51	OIM	UEMG	<p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>OIM is a wholly-owned subsidiary of Opus, which in turn is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p>	Payment of project management fees for tender submissions by UEMG.	—	256	256
				Payment of project management fees for slope maintenance works of an expressway by OIM to UEMG.	1,984	3,191	5,175
				Design and project management fees by UEMG in relation to development of overseas projects by OIM to UEMG.	—	—	—
				Development of expressway by UEMG by OIM to UEMG.	—	—	—
				Project management fees for Feasibility Studies from UEMG.	119	—	119
52	OIM	IHH Healthcare Group	<p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>OIM is a wholly-owned subsidiary of Opus, which in turn is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>IHH Healthcare is a 40.81% associated company of Pulau Memutik Ventures Sdn Bhd, which in turn is a wholly-owned subsidiary of Khazanah.</p>	To provide project management and engineering consultancy services for development of hospitals to IHH Healthcare.	—	—	—
53	OIM	MAHB	<p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>OIM is a wholly-owned subsidiary of Opus, which in turn is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>MAHB is a 33.21% associated company of Khazanah.</p>	To provide project management and engineering design consultancy services to Aeropolis and Staff Quarters project for MAHB.	—	—	—

RECURRENT RELATED PARTY TRANSACTIONS

Item	Company in UEM Edgenta Group involved	Transacting Party	Nature of relationship as at the LPD	Nature of transaction	Value incurred from 1 January 2018 to 10 May 2018 RM'000	Value incurred from 10 May 2018 to 31 December 2018 RM'000	Aggregate Value of Transactions during the Financial Year RM'000
54	OIM	MIMSB	<p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>OIM is a wholly-owned subsidiary of Opus, which in turn is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>MIMSB is a 60% subsidiary of Jasmine Acres Sdn Bhd, which in turn is a 33.3% associated company of Iskandar Investment Berhad and a 66.7% subsidiary of Iskandar Ventures Sdn Bhd.</p> <p>Iskandar Ventures Sdn Bhd is a wholly-owned subsidiary of Khazanah.</p>	To provide asset management consultancy services to MIMSB.	—	—	—
55	OIM	Putrajaya Holdings	<p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>OIM is a wholly-owned subsidiary of Opus, which in turn is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>Putrajaya Holdings is a 15.6% associated company of Khazanah.</p>	To provide project management and engineering design consultancy for development of train transport system in Putrajaya to Putrajaya Holdings.	—	—	—
56	Edgenta TMS	MIMSB Group	<p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>Edgenta TMS is a 70% subsidiary of UEMSET, which in turn is a 70% subsidiary of ETMSSB, which in turn is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>MIMSB is a 60% subsidiary of Jasmine Acres Sdn Bhd, which in turn is a 33.3% associated company of Iskandar Investment Berhad and a 66.7% subsidiary of Iskandar Ventures Sdn Bhd.</p> <p>Iskandar Ventures Sdn Bhd is a wholly-owned subsidiary of Khazanah.</p> <p>Dr. Tee Kim Siong is a Director of Edgenta TMS and Managing Director/Chief Executive Officer of MIMSB.</p>	Provision of integrated facilities management and estate management services by Edgenta TMS to MIMSB Group.	2,304	3,264	5,568

Item	Company in UEM Edgenta Group involved	Transacting Party	Nature of relationship as at the LPD	Nature of transaction	Value incurred from 1 January 2018 to 10 May 2018 RM'000	Value incurred from 10 May 2018 to 31 December 2018 RM'000	Aggregate Value of Transactions during the Financial Year RM'000
57	UEMS Malaysia	IMU Education Sdn Bhd	<p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>UEMS Malaysia is a wholly-owned subsidiary of UEMS, which in turn is a 97.46% subsidiary of Edgenta Singapore, which in turn is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>IMU Education Sdn Bhd is a wholly-owned subsidiary of IMU Health Sdn Bhd, which in turn is a wholly-owned subsidiary of IHH Healthcare, which in turn is a 40.81% associated company of Pulau Memutik Ventures Sdn Bhd, which in turn is a wholly-owned subsidiary of Khazanah.</p>	Provision of facilities maintenance services to IMU.	79	160	239
58	UEMS Malaysia	Parkway Pantai Group	<p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>UEMS Malaysia is a wholly-owned subsidiary of UEMS, which in turn is a 97.46% subsidiary of Edgenta Singapore, which in turn is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>Parkway Pantai is a wholly-owned subsidiary of Integrated Healthcare Holdings Limited, which in turn is a wholly-owned subsidiary of IHH Healthcare, which in turn is a 40.81% associated company of Pulau Memutik Ventures Sdn Bhd, which in turn is a wholly-owned subsidiary of Khazanah.</p>	Provision of facilities maintenance services to Pantai Holdings Group at various Pantai hospitals.	2,946	5,374	8,320
59	UEMS Malaysia	Khazanah	<p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>UEMS Malaysia is a wholly-owned subsidiary of UEMS, which in turn is a 97.46% subsidiary of Edgenta Singapore, which in turn is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p>	Provision of cleansing services at KLCC and KL Sentral to Khazanah.	111	222	333

RECURRENT RELATED PARTY TRANSACTIONS

Item	Company in UEM Edgenta Group involved	Transacting Party	Nature of relationship as at the LPD	Nature of transaction	Value incurred from 1 January 2018 to 10 May 2018 RM'000	Value incurred from 10 May 2018 to 31 December 2018 RM'000	Aggregate Value of Transactions during the Financial Year RM'000
60	UEMS Solutions Pte Ltd	IHH Healthcare Group	<p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>UEMS Solutions Pte Ltd is a wholly-owned subsidiary of UEMS, which in turn is a 97.46% subsidiary of Edgenta Singapore, which in turn is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>IHH Healthcare is a 40.81% associated company of Pulau Memutik Ventures Sdn Bhd, which in turn is a wholly-owned subsidiary of Khazanah.</p>	Provision of housekeeping services at various IHH Healthcare Hospitals to IHH Healthcare.	499	911	1,410
61	KFM	Malaysia Airlines Berhad	<p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>KFM is a 80% subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>Malaysia Airlines Berhad is a wholly-owned subsidiary of Malaysia Aviation Group Berhad, which in turn is a wholly-owned subsidiary of Khazanah.</p>	Provision of facilities management services to Malaysia Airlines Berhad.	5,898	7,890	13,788
				Undertake latent defect findings at Malaysia Airlines Berhad for Southern Support Zone and KJ (BCA) by KFM to Malaysia Airlines Berhad.	812	1,683	2,495
62	KFM	MIMSB Group	<p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>KFM is a 80% subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>MIMSB is a 60% subsidiary of Jasmine Acres Sdn Bhd, which in turn is a 33.3% associated company of Iskandar Investment Berhad and a 66.7% subsidiary of Iskandar Ventures Sdn Bhd.</p> <p>Iskandar Ventures Sdn Bhd is a wholly-owned subsidiary of Khazanah.</p>	Installation and commissioning of Building Management System (BMS) and Heating, Ventilation and Air-Conditioning (HVAC) System by KFM to MIMSB.	—	—	—

Item	Company in UEM Edgenta Group involved	Transacting Party	Nature of relationship as at the LPD	Nature of transaction	Value incurred from 1 January 2018 to 10 May 2018 RM'000	Value incurred from 10 May 2018 to 31 December 2018 RM'000	Aggregate Value of Transactions during the Financial Year RM'000
63	KFM Energy	Cenviro	<p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>KFM Energy is a wholly-owned subsidiary of KFM, which in turn is a 80% subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>Cenviro is a wholly-owned subsidiary of Khazanah.</p>	Consultancy for design assessment for submission to Green Building Index for Cenviro.	14	—	14
64	KFM Energy	Silterra Malaysia	<p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>KFM Energy is a wholly-owned subsidiary of KFM, which in turn is a 80% subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>Silterra Malaysia is a wholly-owned subsidiary of Khazanah.</p>	Engineering, procurement, installation and commissioning for chillers to Silterra Malaysia.	63	567	630
				Provision of Energy Efficiency, Energy and Plant Monitoring services by KFM Energy to Silterra Malaysia.	—	—	—
65	ETMSSB	Edgenta TMS	<p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>UEM Edgenta is a 69.14% subsidiary of UEMG.</p> <p>ETMSSB is a wholly-owned subsidiary of UEM Edgenta.</p> <p>Edgenta TMS is a 70% subsidiary of UEMSET, which in turn is a 70% subsidiary of ETMSSB.</p> <p>Edgenta TMS is a 30% associated company of Township Management Services Sdn Bhd, which in turn is a wholly-owned subsidiary of MIMSB, which in turn is a 60% subsidiary of Jasmine Acres Sdn Bhd, which in turn is a 33.3% associated company of Iskandar Investment Berhad and a 66.7% subsidiary of Iskandar Ventures Sdn Bhd.</p> <p>Iskandar Ventures Sdn Bhd is a wholly-owned subsidiary of Khazanah.</p>	<p>Provision of services to Edgenta TMS by ETMSSB as follows:</p> <p>(i) Provision of professional services and technical support for the implementation of the Strata and Building Management Software</p> <ul style="list-style-type: none"> - Urbanise user license fee - Implementation of software system <p>(ii) Management and advisory services</p>	358	755	1,113

NOTICE OF THE 56TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 56th Annual General Meeting of UEM Edgenta Berhad ("UEM Edgenta" or "the Company") will be held at the **Banquet Hall, Menara Korporat, Persada PLUS, Persimpangan Bertingkat Subang, KM15, Lebuhraya Baru Lembah Klang, 47301 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 15 May 2019 at 10.00 a.m.** for the purpose of transacting the following businesses:-

AGENDA

ORDINARY BUSINESS

- To receive the Audited Financial Statements of the Company for the financial year ended 31 December 2018 together with the Directors' and Auditors' reports thereon.
- To re-elect the following Directors who are retiring in accordance with Article 65 of the Company's Constitution and being eligible, have offered themselves for re-election:-
 - Dato' Azmir Merican
 - Mr. Tan Bun Poo

Ordinary Resolution 1

Ordinary Resolution 2

En. Amir Hamzah Azizan who retires in accordance with Article 65 of the Company's Constitution, has expressed his intention not to seek re-election. Hence, he will retain office until the conclusion of the 56th Annual General Meeting.

- To re-elect the following Directors who are retiring in accordance with Article 70 of the Company's Constitution and being eligible, have offered themselves for re-election:-
 - Pn. Rowina Ghazali Seth
 - Dato' Noorazman Abd Aziz
- To approve the Directors' fees and the payment thereof to the Directors for the period from the 56th Annual General Meeting until the next Annual General Meeting of the Company, to be payable on a quarterly basis.
- To approve the payment of Directors' benefits (excluding Directors' fees) to the Non-Executive Chairman and Non-Executive Directors based on the following table of benefits and remuneration for the period from the 56th Annual General Meeting until the next Annual General Meeting of the Company:-

Ordinary Resolution 3

Ordinary Resolution 4

Ordinary Resolution 5

Ordinary Resolution 6

Description	Directors' remuneration/benefits
Allowance will be paid to Directors for the following:- (i) Attending meetings with Government representatives or third parties such as consultants, bankers and advisors on behalf of the Company; or (ii) Visiting project and/or reference sites to advise Management, the Company and/or its operating companies.	RM1,000 per day
Meeting allowance for ad-hoc or temporary Board Committees established for specific purposes.	(i) Chairman of Committee – RM2,000 per meeting (ii) Member of Committee – RM1,000 per meeting
Car allowance for Chairman of UEM Edgenta	RM3,400 per month

- To re-appoint Messrs Ernst & Young as Auditors and to authorise the Board of Directors to fix their remuneration.

Ordinary Resolution 7

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions, with or without modifications:-

7. **Authority to Allot and Issue Shares pursuant to Sections 75 and 76 of the Companies Act 2016**

Ordinary Resolution 8

“THAT pursuant to Sections 75 and 76 of the Companies Act 2016 (“Act”) and subject to the approval of the relevant governmental/regulatory authorities (if any), the Directors be and are hereby authorised to allot and issue shares in the Company, from time to time, at such price, upon such terms and conditions and for such purpose and to such person or persons whomsoever as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being and **THAT** the Directors be and are hereby also empowered to obtain the approval for the listing of and quotation for the additional shares so issued from Bursa Malaysia Securities Berhad and **THAT** such authority shall continue to be in force until the conclusion of the next Annual General Meeting (“AGM”) of the Company after the approval was given or at the expiry of the period within which the next AGM is required to be held after the approval was given, whichever is earlier, unless such approval is revoked or varied by the Company at a general meeting.”

8. **Proposed Renewal of Existing Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

Ordinary Resolution 9

“THAT pursuant to Paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given for the renewal of the shareholders’ mandate for the Company and/or its subsidiaries (“UEM Edgenta Group”) to enter into recurrent related party transactions of a revenue or trading nature (“Proposed Renewal of Shareholders’ Mandate”), which are necessary for the day-to-day operations in the ordinary course of business of UEM Edgenta Group and are on terms not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company, particulars of which are set out in Part A of Appendix I in Part I of the Circular to Shareholders dated 16 April 2019 **AND THAT** such approval shall continue to be in force until:-

- (a) the conclusion of the next AGM of the Company following this AGM at which such mandate is passed, at which time it will lapse, unless by a resolution passed at such general meeting whereby the authority is renewed;
- (b) the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders in a general meeting,

whichever is the earlier,

AND FURTHER THAT the Directors of the Company and/or any of them be and are/is (as the case may be) hereby authorised to complete and do all such acts and things (including executing all such documents under the common seal in accordance with the provisions of the Constitution of the Company, as may be required) as they may consider expedient or necessary to give full effect to the Proposed Renewal of Shareholders’ Mandate.”

NOTICE OF THE 56TH ANNUAL GENERAL MEETING

9. Proposed New Shareholders' Mandate for Additional Recurrent Related Party Transactions of a Revenue or Trading Nature

Ordinary Resolution 10

"**THAT** pursuant to Paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given for the shareholders' mandate for the Company and/or its subsidiaries ("UEM Edgenta Group") to enter into additional recurrent related party transactions of a revenue or trading nature ("Proposed New Shareholders' Mandate"), which are necessary for the day-to-day operations in the ordinary course of business of UEM Edgenta Group and are on terms not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company, particulars which are set out in Part B of Appendix I in Part I of the Circular to Shareholders dated 16 April 2019 **AND THAT** such approval shall continue to be in force until:-

- (a) the conclusion of the next AGM of the Company following this AGM at which such mandate is passed at which time it will lapse, unless by a resolution passed at such general meeting whereby the authority is renewed;
 - (b) the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
 - (c) revoked or varied by resolution passed by the shareholders in a general meeting,
- whichever is the earlier,

AND FURTHER THAT the Directors of the Company and/or any of them be and are/is (as the case may be) hereby authorised to complete and do all such acts and things (including executing all such documents under the common seal in accordance with the provisions of the Constitution of the Company, as may be required) as they may consider expedient or necessary to give full effect to the Proposed New Shareholders' Mandate."

10. Proposed Alteration or Amendment of the Constitution of the Company ("Proposed Amendment")

Special Resolution

"**THAT** approval be and is hereby given to alter or amend the whole of the existing Constitution of the Company by the replacement thereof with a new Constitution of the Company as set out in Part II of the Circular to Shareholders of the Company dated 16 April 2019 with immediate effect.

AND THAT the Directors be and are hereby authorised to do all such acts, deeds and things as are necessary and/or expedient in order to give full effect to the Proposed Amendment with full powers to assent to any conditions, modifications and/or amendments as may be required by any relevant authorities."

11. To transact any other business for which due notice shall have been given.

BY ORDER OF THE BOARD

CHIEW SIEW YUEN (MAICSA 7063781)
Company Secretary

Kuala Lumpur
16 April 2019

NOTES:

1. A member of the Company entitled to attend and vote at the meeting, is entitled to appoint not more than two (2) proxies to attend, speak and vote in his stead. A proxy may but need not be a member of the Company.
2. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds in the Company. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 which is exempted from compliance with the provisions of subsection 25A(1) of the Securities Industry (Central Depositories) Act 1991.
3. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his shareholding to be represented by each proxy.
4. The instrument appointing a proxy, in the case of an individual, shall be signed by the appointer or by his attorney duly authorised in writing and in the case of a corporation shall be given under its common seal or signed on its behalf by an attorney or officer of the corporation so authorised.
5. The instrument appointing a proxy must be deposited at the office of the Company's Share Registrar, Boardroom Share Registrars Sdn Bhd (formerly known as Symphony Share Registrars Sdn Bhd) at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time set for holding the AGM or any adjournment thereof.
6. For the purpose of determining a member who shall be entitled to attend this 56th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with the provisions under Article 45A(b) of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act 1991 to issue a General Meeting Record of Depositors ("ROD") as at 9 May 2019. Only a depositor whose name appears on the ROD as at 9 May 2019 shall be entitled to attend this 56th AGM or appoint a proxy(ies) to attend, speak and vote on his behalf.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

TO RECEIVE THE AUDITED FINANCIAL STATEMENTS

Agenda Item No. 1 is meant for discussion only as the provisions of Sections 248(2) and 340(1) of the Act does not require a formal approval of shareholders for the Audited Financial Statements. Hence, this item of the Agenda is not put forward for voting.

PAYMENT OF DIRECTORS' FEES

The Directors' fees under Agenda Item No. 4 is payable to each of the Non-Executive Directors, on a quarterly basis as follows:-

Directors' Fees	Non-Executive Chairman		Non-Executive Director	
	Per Quarter (RM)	Per Annum (RM)	Per Quarter (RM)	Per Annum (RM)
Board	52,500	210,000	27,000	108,000
Audit and Risk Committee	12,500	50,000	7,500	30,000
Other Board Committees	6,250	25,000	3,750	15,000

NOTICE OF THE 56TH ANNUAL GENERAL MEETING

EXPLANATORY NOTES ON SPECIAL BUSINESS:-

ORDINARY RESOLUTION 8 – AUTHORITY TO ALLOT AND ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016

The existing general mandate for the authority to allot and issue shares was approved by the shareholders of the Company at the 55th AGM held on 10 May 2018. As at the date of this notice, the Company did not issue any shares pursuant to this mandate obtained. The proposed Ordinary Resolution 8 is a renewal of the general mandate for the authority to allot and issue shares pursuant to Sections 75 and 76 of the Act. The Ordinary Resolution 8, if passed, will empower the Directors to allot and issue up to 10% of the issued and paid up share capital of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company. This authority, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next AGM of the Company.

The authority will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s), working capital and/or acquisition(s). This would eliminate any delay arising from and cost involved in convening a general meeting to obtain approval of the shareholders for such issuance of shares.

ORDINARY RESOLUTION 9 – PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

The proposed Ordinary Resolution 9, if passed, will allow the Company and its subsidiaries to enter into recurrent related party transactions which are of a revenue or trading nature and necessary for the UEM Edgenta Group's day-to-day operations, subject to the transactions being carried out in the ordinary course of business and on terms not to the detriment of the minority shareholders of the Company.

In addition, it will eliminate the necessity to convene separate general meetings from time to time to seek shareholders' approval as and when such recurrent related party transactions occur. This would reduce substantial administrative time and expenses associated with the convening of such meetings without compromising the corporate objectives of the Group or affecting the business opportunities available to the Group. The shareholders' mandate is subject to renewal on an annual basis.

The details on the Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature are set out in Part A of Appendix I in Part I of the Circular to Shareholders dated 16 April 2019, which is despatched together with the Company's 2018 Annual Report.

ORDINARY RESOLUTION 10 – PROPOSED NEW SHAREHOLDERS' MANDATE FOR ADDITIONAL RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

Ordinary Resolution 10 is to seek shareholder's mandate in relation to additional recurrent related party transactions to be entered into by the Company and its subsidiaries.

This resolution, if passed, will enable the Group to enter into recurrent related party transactions of a revenue or trading nature which are necessary for the Group's day-to-day operations, subject to the transactions being in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

This mandate will eliminate the necessity to convene separate general meetings from time to time to seek shareholders' approval as and when such recurrent related party transactions occur. This would reduce substantial administrative time and expenses associated with the convening of such meetings without compromising the corporate objectives of the Group or affecting the business opportunities available to the Group. The shareholders' mandate is subject to renewal on an annual basis.

The details on the Proposed New Shareholders' Mandate for Additional Recurrent Related Party Transactions of a Revenue or Trading Nature are set out in Part B of Appendix I in Part I of the Circular to Shareholders dated 16 April 2019, which is despatched together with the Company's 2018 Annual Report.

SPECIAL RESOLUTION - PROPOSED AMENDMENT

The Proposed Amendment to the existing Memorandum & Articles of Association ("Existing Constitution") is to ensure continued compliance and to bring the Existing Constitution of the Company in line with the following laws and regulations:-

- (i) Amendments made to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad which were issued on 29 November 2017; and
- (ii) Companies Act 2016 which came into effect on 31 January 2017.

The shareholders' approval is sought in accordance with Section 36(1) of the Act for the Company to alter and amend the whole of the Existing Constitution by the replacement thereof with the new Constitution as set out in Part II of the Circular to Shareholders dated 16 April 2019 accompanying the Company's Annual Report 2018.

The Proposed Amendment shall take effect once the proposed Special Resolution has been passed by a majority of not less than 75% of such members who are entitled to vote and do vote in person or by proxy at the 56th Annual General Meeting to be held on 15 May 2019.

STATEMENT ACCOMPANYING NOTICE OF 56TH ANNUAL GENERAL MEETING

(pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

a) Details of persons who are standing for election as Directors (excluding Directors standing for re-election)

No individual is seeking election as a Director at the 56th Annual General Meeting.

b) A statement relating to general mandate for issue of securities in accordance with Paragraph 6.03(3) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

The proposed Ordinary Resolution 8 for the general mandate for issue of securities is a renewal mandate.

As at the date of this Notice, no new shares were issued pursuant to the general mandate granted at the 55th Annual General Meeting held on 10 May 2018.

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FORM OF PROXY

UEM EDGENTA BERHAD (5067-M)

Incorporated in Malaysia

Total of number of ordinary share(s) held		
CDS Account No.		
Proportion of holdings to be represented by each proxy	Proxy 1 %	Proxy 2 %

I/We _____ (block letters)

NRIC/Company No. _____ of _____ (full address)

_____ being a member of UEM EDGENTA BERHAD ("the Company")

hereby appoint _____

NRIC/Passport No. _____ of _____ (full address)

_____ and/or failing him/her, _____

NRIC/Passport No. _____ of _____ (full address)

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the 56th Annual General Meeting of the Company to be held at the **Banquet Hall, Menara Korporat, Persada PLUS, Persimpangan Bertingkat Subang, KM15, Lebuhraya Baru Lembah Klang, 47301 Petaling Jaya, Selangor Darul Ehsan** on **Wednesday, 15 May 2019** at **10.00 a.m.** or at any adjournment thereof.

(Please indicate your vote with an "X" in the respective boxes of each resolution. If you do not do so, the proxy will vote or abstain from voting on the resolutions at his/her discretion.)

ORDINARY RESOLUTIONS	NO.	FOR	AGAINST
To re-elect Dato' Azmir Merican who is retiring in accordance with Article 65 of the Company's Constitution	1		
To re-elect Mr. Tan Bun Poo who is retiring in accordance with Article 65 of the Company's Constitution	2		
To re-elect Pn. Rowina Ghazali Seth who is retiring in accordance with Article 70 of the Company's Constitution	3		
To re-elect Dato' Noorazman Abd Aziz who is retiring in accordance with Article 70 of the Company's Constitution	4		
To approve the payment of Directors' fees for the period from the 56 th Annual General Meeting until the next Annual General Meeting of the Company, to be payable on a quarterly basis	5		
To approve the payment of Directors' benefits to the Non-Executive Chairman and Non-Executive Directors for the period from the 56 th Annual General Meeting until the next Annual General Meeting of the Company	6		
To re-appoint Messrs Ernst & Young as Auditors and to authorise the Board of Directors to fix their remuneration	7		
To empower Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016	8		
To approve the Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature	9		
To approve the Proposed New Shareholders' Mandate for Additional Recurrent Related Party Transactions of a Revenue or Trading Nature	10		
SPECIAL RESOLUTION		FOR	AGAINST
To approve the Proposed Alteration or Amendment of the Constitution of the Company			

Signature of Shareholder(s)/Common Seal

Date:

Contact No.:

NOTES:

1. A member of the Company entitled to attend and vote at the meeting, is entitled to appoint not more than two (2) proxies to attend, speak and vote in his stead. A proxy may but need not be a member of the Company.
2. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds in the Company. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 which is exempted from compliance with the provisions of subsection 25A(1) of the Securities Industry (Central Depositories) Act 1991.
3. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his shareholding to be represented by each proxy.
4. The instrument appointing a proxy, in the case of an individual, shall be signed by the appointer or by his attorney duly authorised in writing and in the case of a corporation shall be given under its common seal or signed on its behalf by an attorney or officer of the corporation so authorised.
5. The instrument appointing a proxy must be deposited at the office of the Company's Share Registrar, Boardroom Share Registrars Sdn Bhd (formerly known as Symphony Share Registrars Sdn Bhd) at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time set for holding the Annual General Meeting or any adjournment thereof.
6. For the purpose of determining a member who shall be entitled to attend this 56th Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with the provisions under Article 45A(b) of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act 1991 to issue a General Meeting Record of Depositors ("ROD") as at 9 May 2019. Only a depositor whose name appears on the ROD as at 9 May 2019 shall be entitled to attend this 56th Annual General Meeting or appoint a proxy(ies) to attend, speak and vote on his behalf.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 16 April 2019.

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STAMP

The Share Registrar's Office
Boardroom Share Registrars Sdn Bhd
(formerly known as Symphony Share Registrars Sdn Bhd)
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia

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GROUP DIRECTORY

CORPORATE OFFICE

UEM Edgenta Berhad
 Level 17, Menara UEM
 Tower 1, Avenue 7
 The Horizon, Bangsar South City
 No. 8, Jalan Kerinchi
 59200 Kuala Lumpur
 Tel : +603 2725 6688
 Fax : +603 2725 6888
 www.uemedgenta.com

ASSET MANAGEMENT

Healthcare Support

Concession

Edgenta Healthcare Management Sdn Bhd
Edgenta Mediserve Sdn Bhd

Level 8, Menara UEM
 Tower 1, Avenue 7
 The Horizon, Bangsar South City
 No. 8, Jalan Kerinchi
 59200 Kuala Lumpur
 Tel : +603 2725 6688
 Fax : +603 2725 7268

Commercial

UEMS Pte Ltd
 No. 12 Ang Mo Kio St 64
 Blk B, #03A-11
 UE Bizhub Central
 Singapore 569088
 Tel : +65 6818 3600
 Fax : +65 6818 3601
 www.uemsgroup.com/sg

Edgenta UEMS Sdn Bhd
 (formerly known as
 UEMS Solutions Sdn Bhd)
 Level 3, Menara UEM
 Tower 1, Avenue 7
 The Horizon, Bangsar South City
 No. 8, Jalan Kerinchi
 59200 Kuala Lumpur
 Tel : +603 2725 6688
 Fax : +603 2725 6888

Property & Facility Solutions

**Edgenta Township
 Management Services Sdn Bhd**

Edgenta Facilities Sdn Bhd
 Level 2, Menara UEM
 Tower 1, Avenue 7
 The Horizon, Bangsar South City
 No. 8, Jalan Kerinchi
 59200 Kuala Lumpur
 Tel : +603 2725 6688
 Fax : +603 2725 6888

**Faber Sindoori Management
 Services Private Limited**

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 25 & 26, College Road
 Nungambakkam,
 Chennai 600006
 Tamilnadu, India
 Tel : +91 44 42649403/
 9404
 Fax : +91 44 4264 9405
 www.sindoorifaber.com

KFM Holdings Sdn Bhd
**Edgenta Energy Projects
 Sdn Bhd**
**Edgenta Energy Services
 Sdn Bhd**

Level 10, Menara UEM
 Tower 1, Avenue 7
 The Horizon, Bangsar South City
 No. 8, Jalan Kerinchi
 59200 Kuala Lumpur
 Tel : +603 2725 6688
 Fax : +603 2725 6888

Faber L.L.C.

208 and 209, 2nd Floor
 Al Nasriyah Building
 Baghdad Street
 Al Qusais, P.O. Box 232283
 Dubai, United Arab Emirates
 Tel : +971 4258 4561
 Fax : +971 4258 4560

INFRASTRUCTURE SOLUTIONS

Infrastructure Services

Edgenta PROPEL Berhad
**Edgenta Infrastructure
 Services Sdn Bhd**
 (formerly known as
 Aquatrans Sdn Bhd)
 Level 8, Menara UEM
 Tower 1, Avenue 7
 The Horizon, Bangsar South City
 No. 8, Jalan Kerinchi
 59200 Kuala Lumpur
 Tel : +603 2725 6688
 Fax : +603 2725 7000

**Edgenta Environmental &
 Material Testing Sdn Bhd**
 No. 3, Jalan P/8
 Kawasan Perindustrian MIEL
 Seksyen 13
 43650 Bandar Baru Bangi
 Selangor Darul Ehsan
 Tel : +603 8925 9370
 Fax : +603 8925 9373

Asset Consultancy

Opus International (M) Berhad
Opus Consultants (M) Sdn Bhd
 Level 6, Menara UEM
 Tower 1, Avenue 7
 The Horizon, Bangsar South City
 No. 8, Jalan Kerinchi
 59200 Kuala Lumpur
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 Fax : +603 2711 8016

UEM Edgenta Berhad (5067-M)

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